

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



You make the loans
 You make the loans
 You make the loans
 You make the loans
WE MAKE THEM SAFE
 You make the loans
 You make the loans
 You make the loans
 You make the loans

In these days of increasing credit risks, most bankers prefer to lend money on a secured basis. And—since most of your customers have substantial marketable inventory on which to borrow, the logical procedure when they need extra funds is a field warehouse loan.

Douglas-Guardian—"the bankers' field warehouse company"—issues bona fide warehouse receipts on almost any type of inventory right where it stands. These receipts are eagerly sought by banks as sound security for loans. We've served more than 2500 banks in 44 States and helped build safe, profitable loan volume for them. May we be of similar service to you?

DOUGLAS - GUARDIAN

WAREHOUSE CORPORATION

"The Bankers' Field Warehouse Company"



NEW ORLEANS 1, La., 118 North Front St.
 NEW YORK 4, N. Y., 50 Broad St.
 CHICAGO 2, Ill., 173 W. Madison St.
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LOS ANGELES 14, Calif., Garfield Bldg.
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 PHOENIX, Ariz., 1516 Flower Circle North

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



THE COVER

This month's cover shows a section of the audience at one of the general sessions of the American Bankers Association's convention in Atlantic City. The quotation is from the remarks of former President C. W. Bailey at one of the general sessions

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CONTENTS FOR NOVEMBER 1947

Just a Minute	<i>John L. Cooley</i>	3
Art in Banks		16
Black Ghosts and Bucktails		18
North of the Border		20
How to Split Your Advertising Dollar	<i>Belle S. Hamilton</i>	25
It's Pleasant—It's Profitable	<i>J. Will Irwin and Doug Anderson</i>	28
Process Charts Save Steps	<i>R. P. Johnson</i>	30
Washington	<i>Lawrence Stafford</i>	31
Time to Keep an Eye on Costs		34
World Business	<i>Herbert Bratter</i>	36
The European Shopping List		38
What to Do About Germany?	<i>M. S. Szymczak</i>	40
Gold Ahead?		41
THE CONVENTION OF 1947		42
Vice-president Evans Woollen, Jr.		47
Treasurer Frank P. Powers		47
New Division Presidents		48
The Division Meetings		49
Commission and Committee Meetings		50
The Investment Market	<i>H. Eugene Dickhuth</i>	53
CONSUMER CREDIT DIGEST		
Profit Prospects	<i>A. Anton Friedrich</i>	54
After Regulation W		56
News Exchange		57
THE COUNTRY BANKER		
A Lively Program for Country Bankers		58
Bankers Join in 4-H Celebration		60
News for Country Bankers	<i>Mary B. Leach</i>	61
Railways Cooperate with A.B.A. on Check Standardization	<i>Melvin C. Miller</i>	63
BUILDING FOR THE FUTURE		64
Bank of Tomorrow	<i>John J. McCann</i>	70
Legal Page		72
Other Organizations		80
With the A.B.W. in Convention		83
Banking News		88
Calendar		89
Convention Atmosphere and Some Special Events	<i>Pictures</i>	90
Heard Along Main Street		96
Methods and Ideas		114
BANKING's Advertisers		145
The Condition of Business	<i>William R. Kuhns</i>	146

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When you consider your checks from the standpoint of advertising value you have an added reason for having them lithographed or printed on La Monte Safety Paper—recognized everywhere as America's standard of quality in check protection

La Monte SAFETY PAPER FOR CHECKS

GEORGE LAMONTE & SON, NUTLEY, NEW JERSEY



A Check Paper All Your Own
Why not follow the lead of America's outstanding banks and corporations? Let us reproduce your trade-mark in the paper itself. Such **INDIVIDUALIZED** check paper provides maximum protection against alteration and counterfeiting—saves banks sorting time—helps prevent errors.



THE WAVY LINES ARE A LA MONTE TRADE-MARK

Just a minute

Thanksgiving No. 1

HERE is the original account of the Pilgrim's first Thanksgiving at Plymouth in 1621. It is taken from a letter attributed to Edward Winslow and published in Mourt's *Relation or Journal of the Beginning and Proceedings of the English Plantation Settled at Plimouth in New England*, published in London in 1622:

"Our Corne did proue well, & God be prayed, we had a good increase of Indian-Corne, and our Barly indifferent good, but our Pease not worth the gathering, for we feared they were too late sowne, they came up very well, and blossomed, but the Sunne parched them in the blossome; our harvest being gotten in, our Gouvernor sent foure men on fowling, that so we might after a more speciall manner reioyce together, after we had gathered the fruit of our labours; they foure in one day killed as much fowle, as with a little help beside, served the Company almost a weeke, at which time amongst other Recreations, we exercised our Armes, many of the Indians coming amongst us, and amongst the rest their greatest King Massasoit, with some ninetie men, whom for three days we entertained and feasted, and they went out and

killed five Deere, which they brought to the Plantation and bestowed on our Governor and upon the Captaine, and others."

Covermen

THIS month we catch up with the annual convention of the American Bankers Association. The time element prevented us from reporting it in the October issue; but the current number, as we promised last month, tells who was who and what was what at Atlantic City.

The cover people, part of the audience at one of the general sessions, are the advance men of our report, which starts on page 44. Pictures and biographical sketches of the new general and divisional officers, including 1947-48 Vice-president EVANS WOOLLEN, JR., president of the Fletcher Trust Company, Indianapolis; excerpts from speeches by Messrs. BAILEY, WIGGINS, ALDRICH and DAVIS, who addressed the major convention meetings; and a varied assortment of photographs—these and other features recall happenings at the convention that elected JOSEPH M. DODGE to the A.B.A. presidency.

There is also a story of the new Association year's programs mapped out by the Agricultural and Country Bank Operations Commissions at their sessions subsequent to the convention. A special story on the yearly meeting of the A.B.A. State Secretaries Section points up the important work being

"Oh, I can appreciate the problem. It's just that I've never before tried to set up a reserve for depreciation of one's wife"



November 1947

BANQUE DE BRUXELLES



*Founded in 1871 is glad
to offer quality cooperation*

TO AMERICAN BANKS

INTERESTED IN FOREIGN

TRADE WITH BELGIUM

THE
Credit Life

INSURANCE COMPANY

JOHN F. HOLLENBECK, PRESIDENT
HOME OFFICE
SPRINGFIELD, OHIO

★
CONSUMER
CREDIT
INSURANCE

★
The Pioneer Independent
Company . . . Exclusive
Specialization since 1926
Operating Coast to Coast

Insurance on the Dollar...in favor of the Creditors

— SPECIALISTS IN —

United States Government Securities



State and Municipal Bonds



C. J. DEVINE & CO. INC.

48 Wall Street, New York 5

HAnover 2-2727

Chicago • Boston • Philadelphia • Pittsburgh • Cleveland
Cincinnati • St. Louis • San Francisco

Direct Wires to all Offices

CANADIAN-AMERICAN *Commerce*

Good neighbors in business as well as in social relations, Canadians and Americans for more than a century have carried on ever-increasing trade across a free and peaceful border.

The Bank of Montreal has been a consistently growing factor in that inter-nation trade. Beginning in 1817 with one office and a staff of seven, the Bank has grown steadily and has kept pace with Canada's needs and with Canadian-American commerce.

Today the Bank offers to Americans dealing with Canadians a nationwide, modern banking service with a network of branches covering the Dominion.

Our assets are more than \$1,700,-



000,000, and we safeguard over a million deposit accounts of customers.

Our services include credit and market information, deposit and loaning facilities, commercial credits, collections and payments, assistance on the intricacies of foreign exchange, and special wire connections to speed transactions.

Inquire at one of our American Offices or at the Head Office, Montreal.

NEW YORK: 64 Wall Street

CHICAGO: 27 South LaSalle St.

SAN FRANCISCO: 333 California St.

HEAD OFFICE—MONTREAL

Branches throughout Canada and Newfoundland

BANK OF MONTREAL

ESTABLISHED 1817



"Oh, I won't start any inflation. I'm going to spend mine foolishly"

done by this group and the state bankers associations on behalf of the banks.

"Present Day Banking"

BANKERS at Atlantic City heard the first announcement of the forthcoming book, *Present Day Banking 1947-48*, scheduled for publication by the Association about December 1. This 448-page volume is an up-to-date text on what banking has done during 1947, a preview of its problems in 1948, a discussion of modern operational and management procedures, and a reservoir of facts and background material.

Between its green buckram covers are chapters on business and finance, bank credit (including loans to small business), bank public relations, national, state and savings banking, the trust business, investments, banking education, insurance and protection, operations and management, banking law, legislation and taxation, the duties and responsibilities of bank directors, and pensions for bank employees.

Ten pages of charts, informative appendix material and an ample index are among the other nuggets in this reference book on business and banking.

Edited by the staff of BANKING, the book was written by experts on the many subjects covered. Members of the Association's staff are among the authors.

Advertising \$s

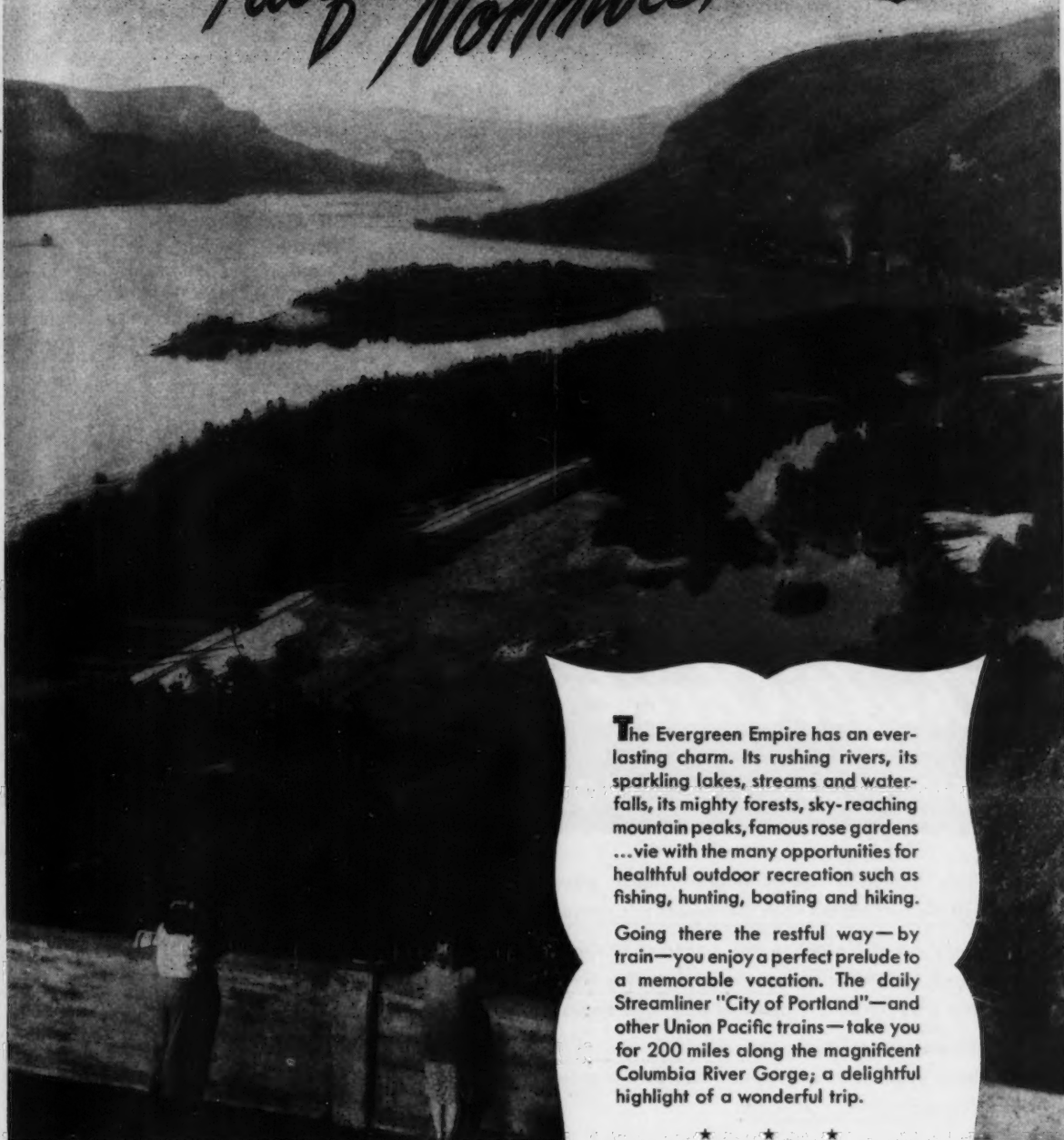
ONE of the busiest people at the recent Financial Public Relations Association convention in New York was BELLE S.

(CONTINUED ON PAGE 6)

BANKING

THE

Pacific Northwest



The famous Columbia River Gorge

The Evergreen Empire has an everlasting charm. Its rushing rivers, its sparkling lakes, streams and waterfalls, its mighty forests, sky-reaching mountain peaks, famous rose gardens ...vie with the many opportunities for healthful outdoor recreation such as fishing, hunting, boating and hiking.

Going there the restful way—by train—you enjoy a perfect prelude to a memorable vacation. The daily Streamliner "City of Portland"—and other Union Pacific trains—take you for 200 miles along the magnificent Columbia River Gorge; a delightful highlight of a wonderful trip.

Write for your free copy of an attractive Pacific Northwest booklet. Address Room 135, Union Pacific Railroad, Omaha 2, Nebraska.

UNION PACIFIC RAILROAD

Read of the Daily Streamliners

FIRST-HAND INFORMATION

Through our affiliation with other Marine Midland banks, we keep in close touch with local people and local business in 46 important Empire State communities. This knowledge of New York State business and industry is available to our correspondents and their customers.

Member of Federal Deposit Insurance
Corporation



MARINE TRUST COMPANY

Buffalo's Oldest and Largest Commercial Bank

ThriftyCheck NOW

OFFERS IMPRINTED DEPOSIT SLIPS

This preferred no-minimum-balance plan now includes deposit slips imprinted with the depositor's name.

They are delivered to the customer at the same time as his imprinted ThriftyChecks—on the spot, within five minutes! He has no long wait for either imprinted checks or deposit slips.

Before standardizing this cost and time saving innovation, it has been under test for several years by a number of client banks, and found amazingly efficient.

Imprinted deposit slips add another short cut to the ThriftyCheck system. Obviously, they cut costs by speeding up all internal operations such as sorting and posting, and prevent waste of time in deciphering illegibly-written names.

BANKERS DEVELOPMENT CORPORATION

31 Nassau Street, New York 5, N. Y.

Reclar 2-7580

JUST A MINUTE—Continued

HAMILTON of the First National Bank, Leesburg, Fla. (FPRA was formerly the Financial Advertisers Association.)

Mrs. HAMILTON was taking notes as BANKING's reporter of banks' advertising plans for next year. Buttonholing delegates right and left, she asked them how they planned to spend their advertising dollars, and why. The results of her reportorial diligence appear in this month's leading article.

Mrs. HAMILTON is, of course, no stranger to our readers. For several years she has been writing the monthly column "Around Our Bank" which records amusing, significant, homely and always interesting incidents that happen in the First of Leesburg. Her capable typewriter also produces an outstanding column of local newspaper advertising, "The Tell-Tale Teller," wherein she chats about the bank.

Speaking of Operations

WE REFER to the banking variety, not the surgical. However, the emphasis is still on cutting, as you'll note when you read two of the November articles dealing with the reduction of costs and its corollary, the improvement of operating efficiency.

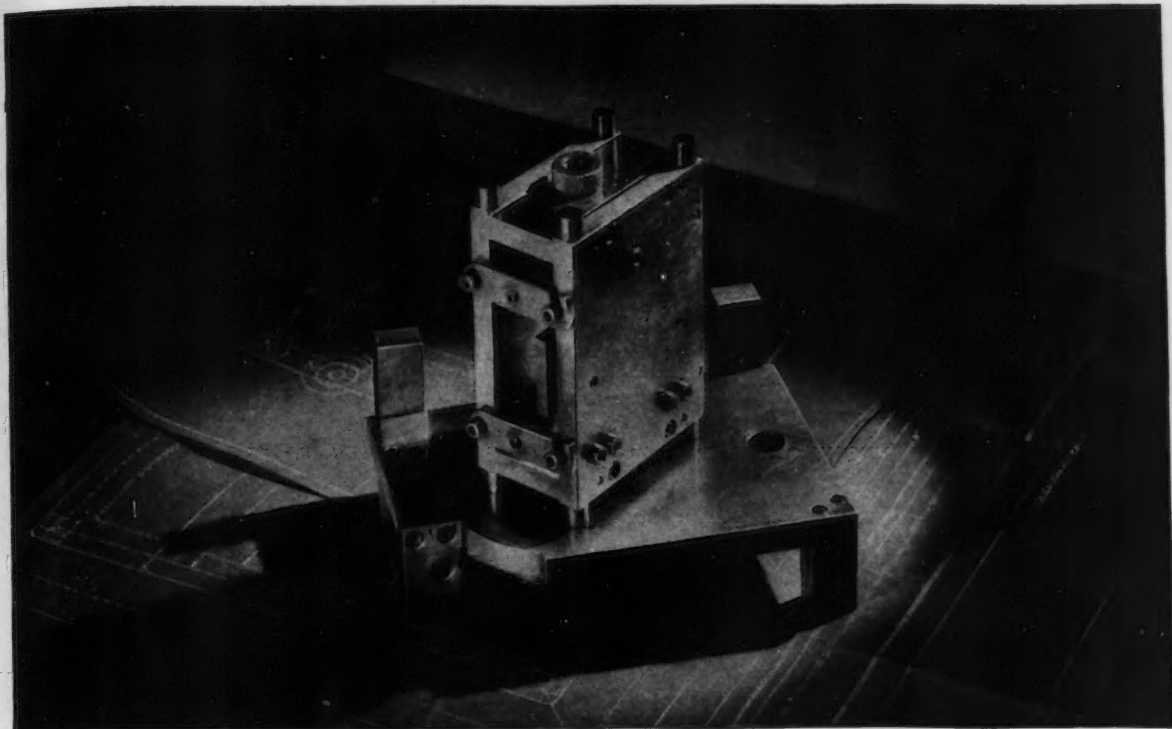
Your informants are R. P. JOHNSON, assistant cashier of the Lincoln National Bank and Trust Company of Syracuse, New York, and EVERETT J. LIVESKY, assistant comptroller of The Dime Savings Bank of Brooklyn, New York. Mr. JOHNSON writes on his bank's effective use of process charts (CONTINUED ON PAGE 11)

"Total is \$24,962.41. Slow day, Mr. Carlson!"



BANKING

(Reprint of advertisement currently appearing in newspapers)



ENLIGHTENED BANKING

IN A CHANGING WORLD

Banking and business have always been linked. In large part, the bank exists for business.

As the needs of business evolve, banking services develop to meet the new requirements.

In a sense, today's bank has been created by the business it was built to serve.

To the dynamic businessman, his bank is an ally — a potent partner of his company, playing an integral part in its growth.

Your bank has similar varied potentialities for serving you.

Employ its specialized knowledge, wide resources and long experience to the fullest extent — get the most from the organization that has been built for you.

THE PHILADELPHIA NATIONAL BANK

Organized 1803

PHILADELPHIA 1, PA.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

since V-E-day alone—

52 Illinois banks

*have selected us
to design
their new quarters!*



from Chicago to Carmi

On completion of these projects, the state of Illinois will be a show window of our architectural ability. Since the end of the war in Europe, over 260 banks from coast to coast selected us to design their new quarters!

one bank sells another...

We don't have to "sell" our services to a bank in Illinois. For all over that state are many examples of the caliber of work we've executed for other banks during recent years. Bankers have been able to see . . . at first hand, and with a critical eye . . . the beauty of our architectural interpretations, the efficiency of our arrangements, the many developments we have made in fixtures and decorative treatments. They have noted, too, the progress and increased business each of these completed projects has created. They *like* what they've seen . . . they want the same kind of specialized designing applied to their own bank's new quarters! Yes, in Illinois—and in every other state where our completed projects are on "display"—*one bank sells another!*

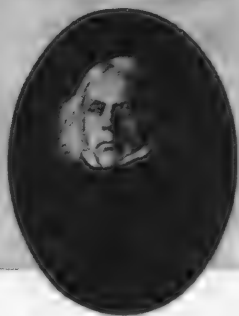
*America's most experienced
bank designers*

WEST COAST OFFICE:
1085 MONADNOCK BLDG.
SAN FRANCISCO 5, CAL.



**Bank Building and
Equipment Corporation**
OF AMERICA
NINTH & SIDNEY STS. • ST. LOUIS 4, MO., U. S. A.
DESIGN INCORPORATED affiliate organization
which designs, builds, modernizes, and equips America's hotels

Dr. John McLoughlin *Father of Oregon*



NO EASY TASK awaited John McLoughlin in 1824 when he assumed his duties as manager of the Hudson's Bay Company interests from the Rockies to the Pacific, from Russian Alaska to Spanish California. During twenty-two successful years the Quebec-born trader was the hope and support of Oregon country pioneers, king of a thousand Canadian trappers and autocrat of a hundred thousand Indians.

The second quarter of the last century was critical in the history of this vast wilderness, and McLoughlin became its outstanding figure. Despite orders to subdue the Indians while still inducing them to collect furs and to keep the land wild for fur-bearing animals by discouraging agri-



cultural settlers, his conscience and humanity won out; it was his generosity to American immigrants reaching his territory in a destitute condition that earned him his recognition as "Father of Oregon." His encouragement of agriculture and the exportation of lumber, salmon and flour were of great commercial importance at a time when the country was looked upon merely as a good trapping ground. However, his superior's complaints against this policy eventually culminated in an order to give no further aid to settlers. In 1846 McLoughlin resigned rather than obey and moved to Oregon City where he became an American citizen in 1851.

His home there, probably designed by Dr. McLoughlin himself in a colonial style adapted to pioneer living conditions, was built largely of lumber hand-hewn on the spot. The doors and windows were brought around Cape Horn from the East. The furniture, silver and china came from England. This patriarch of the Northwest was an imposing personality, 6 feet 4 inches tall, with long white locks that had earned



The dining room furniture was used by McLoughlin at Fort Vancouver

him the Indian name of "White Eagle." In his new home he maintained a high standard of living for the times and more than once reproved the colonists, "Your manners, before ladies," when hats were not removed in the presence of his part Indian wife.

His house now has been moved from its original site to a bluff above the river on land McLoughlin gave the city for a public park. It is administered by the McLoughlin Memorial Association, the Municipality of Oregon City and the National Park Service.

The Home, through its agents and brokers, is America's leading insurance protector of American Homes and the Homes of American Industry.



The house is now a treasury of early Oregon relics

☆ **THE HOME** ☆
Insurance Company
NEW YORK

FIRE • AUTOMOBILE • MARINE

JUST A MINUTE—Continued

which enable the officers to spot operating short cuts and to eliminate unnecessary work, thus saving that most valuable commodity, time. With Mr. LIVESEY's cooperation, BANKING is able to pass along to its readers a list of 28 procedural refinements made by the Dime in the interest of lower costs and smoother functioning.

Pleasant, Profitable

A CUSTOMER," says this month's cartoon feature by J. WILL IRWIN and DOUG ANDERSON, "expects certain qualities in every bank." They're quite familiar: efficiency, courtesy, accuracy, speed. But—the "extra dividend" qualities make him choose *your* bank."

What are they? Well, cheerfulness, for one, and courtesy, for another. And prompt, correct answers to questions, cooperation, a sympathetic attitude, good manners and good taste.

The dividend: "It's more fun to be friendly, more pleasant to be cooperative. It costs nothing to be friendly, so you're bound to show a profit. Better public relations mean progress for your bank and for you."

"It's Pleasant, It's Profitable" is good formula for customer relations. Memo: Pass it around the bank!

Cash Dividend

IF YOU think the dividend suggested by Messrs. IRWIN and ANDERSON is rather intangible, read about the two savings bank men in Syracuse, New York, who recently received bequests

"This is a double offense—counterfeiting Confederate money!"



of \$1,000 each from a depositor who thus expressed his appreciation of their friendliness and courtesy over a period of years.

The story is in this month's "Heard Along Main Street" department.

Planning to Build or Remodel?

IF so, you may find a suggestion or two in BANKING's report on the bank quarters clinic at the financial advertising men's meeting.

The discussion covered many aspects of the modern trend in bank design, and some valuable points were brought out on such matters as functional design, layout of counters, the protection angle, teller units, location of departments, the traffic problem (drive-in banking and parking lots), and adaptation of architectural style to neighborhoods.

Our summary of the clinic is compact, but it contains a surprisingly large number of ideas.

Suggestion

THE building of new banks and the remodeling of old ones is a lively subject these days. Judging from numerous letters we receive, many banks are a little uncertain as to just how to go about either project, so we asked an architect what the first step should be.

"Well," he said, "as you might expect, my advice is: consult an architect. If the bank doesn't know a capable man, I'd suggest that it query its 'big city' correspondent, which is almost certain to know several. As a rule large banks have considerable business with architects and are in a position to help out by furnishing names if not recommendations."

Also, some of the larger banks have staff men—including, occasionally, an architect—who keep in touch with developments in the building field. It will probably be found that their information is at the service of inquiring "country" correspondents.

The architect's job in planning a bank, our acquaintance pointed out, is first to determine what space is required and then to provide it compactly.

Arrangement of the various banking services so as to avoid congestion, confusion and inconvenience, and to make readily accessible the departments most popular with the public, is a top priority consideration. The floor plan should avoid cross-streams of customers, especially in banks that have payroll lines, by streamlining the flow of business so that people don't get in each other's way.



Fine paper says "Hello"—in the finest way



FOX RIVER
Fine Paper

Like the friendly smile, the firm handshake, the tipped hat . . . fine business stationery greets your correspondent the *right* way—immeasurably enhancing what you say. Make certain with your printer that the finest paper represents you. FOX RIVER PAPER CORPORATION, Appleton, Wisconsin.

Cotton Fibre Bond, Ledger, Onion Skin
"The more Cotton Fibre the finer the Paper"

OUR WATERMARK is your quality guarantee

Look through the paper... see all three!



- 1 COTTON FIBRE
- 2 100% 75% 50% or 25% COTTON FIBRE CONTENT
- 3 MADE by FOX RIVER

"STRAWS"

Straw No. 1: A large midwestern bank now requires that all checking account customers use checks bearing their printed names. For fully personalized numbered checks, carrying the customer's name and address, together with a personalized gold-stamped cover, a modest charge is made by the bank. For "line checks," designed for the convenience of the bank and showing merely the printed name of the customer over the signature line, no charge is made at all inasmuch as the bank feels the time saved in its operating division is worth the expense.

Straw No. 2: Two large banks in the Northwest now have "check departments." All customers get their checks at one point...there is no waiting in line at tellers' windows...and no officer's time is consumed taking orders for checkbooks. A better, safer and more accurate control of check-book distribution is enjoyed and a higher recovery of check expense is

secured because the people who staff these "check departments" sell more checks than they give away.

Straw No. 3: Several large banks in the East have installed maintenance charges on no-minimum-balance accounts to step up their revenue and put these special departments in the black. A few have "taken the sting" out of the price advance by supplying Personalized Checks, which cost the banks about five cents per account per month. This involves a switch from "pay-in-advance" to "pay-as-you-go" systems.

These "straws" may or may not foretell a development that will take the expense out of check costs and cut down the cost of accurate sorting, filing and posting. They indicate that checks no longer are merely pieces of paper but instruments that can contribute to better bank operations and greater bank revenue.

De Luxe
CHECK PRINTERS

Manufacturing Plants at:

NEW YORK, CLEVELAND, CHICAGO, KANSAS CITY, ST. PAUL

Nineteen



In 19 of the principal cities in Central and South America, The Royal Bank of Canada operates well established branches. Their facilities are available to correspondent banks wishing to serve their clients better in this important area. Market information, credit reports, assistance in arranging trade connections, general banking service. We invite enquiries from correspondents requiring specialized service in this area.

Established in Central and South America for over 33 years.

HEAD OFFICE — MONTREAL

New York Agency —
68 William St., New York 5, N. Y.

THE ROYAL BANK OF CANADA

ASSETS EXCEED \$2,000,000,000



"But I don't want to go to college. I want a bicycle!"

"And here's another point," said our architect. "If a bank plans to move into another building, let it be sure about the location. Build where the business is; be certain you're not moving away from the direction of the community's growth. And avoid decadent districts."

We didn't intend to write a story on bank layouts; but if these few hints are of any use, help yourself.

He Got the Money

THE National Bank of Commerce of Seattle tells this story:

A husky former service man posed what started as an ordinary identification problem, but wound up with one of the more unusual solutions, when he stepped to the window at the University Branch to cash his terminal leave bonds.

His name checked, but his serial number on the discharge papers was different than the number on his bond. Miss EDITH HOPKINS of the bank staff took a look and asked how come.

"I served two hitches," the veteran explained. "This is my final discharge. But I guess my bond has my first number."

Miss HOPKINS suggested: "I'm afraid you may be out of luck until you get the numbers straightened out."

The veteran looked downcast, but only for a minute.

"Maybe this will do," he said hopefully, rolling up his sleeve. There, in the middle of a colorful three-inch floral design tattooed on his forearm, was the number shown on his bond.

(CONTINUED ON PAGE 14)

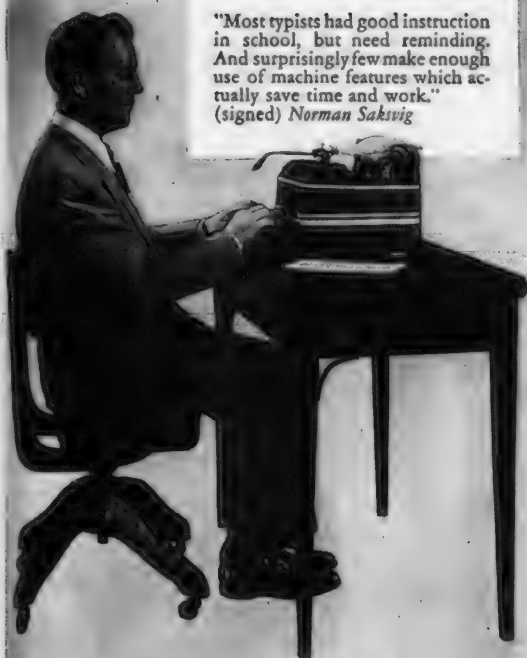
"Make your typewriter do it!"

says NORMAN SAKSVIG...

Former speed champion and authority on correct technique tells you how to reduce fatigue and back and eye strain by simple methods already demonstrated to over 200,000 typists.

WHEN Mr. Saksvig appears before your employees, his objective is to demonstrate *his technique* rather than *our machine*.

Our aim is obvious. For if users of Smith-Corona Typewriters can learn to get *out* of these fine machines the many services we build *into* them, our sales problem becomes no problem at all!



"CORRECT POSTURE" posed by Norman Saksvig

"Most typists had good instruction in school, but need reminding. And surprisingly few make enough use of machine features which actually save time and work."
(signed) Norman Saksvig



Correct fingering means "hugging the keys"—fingers always on keyboard, pivoting from the guide keys as required.



More time and effort are lost this way than you imagine. Keep your hands *down*—and watch speed go *up*!



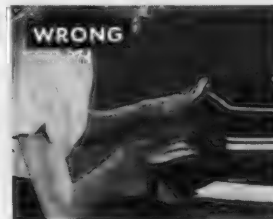
Wrists relaxed, and slanted about parallel to keyboard; fingers should be curved and resting lightly on the guide keys.



Wrists far too high, and fingers much too straight. This position produces excessive fatigue, and increases typing errors.



Start the carriage with a quick firm throw, drop lever before it's half way across, let momentum do the rest.



Don't *lean*, don't "follow through" as you return the carriage, don't hold hand on lever all the way across.



AUTOMATIC MARGIN SET... A SMITH-CORONA "EXCLUSIVE"

We photographed a light on Saksvig's finger, and timed him with a stop-watch. Hand leaves keyboard, finger sets right

margin and left margin, then returns to keyboard. Time... *one second!* Figure that saving in a day's typing!



SMITH-CORONA

OFFICE TYPEWRITERS

Makers also of famous Smith-Corona Portable Typewriters, Adding Machines, Vivid Duplicators and Typebar Brand Ribbons and Carbons.

L C SMITH & CORONA TYPEWRITERS INC SYRACUSE 1 N Y

Lawrence Service Removes The ??? From Your Commodity Loans

LAWRENCE'S BUSINESS is the custodianship of inventory used as collateral for loans while stored on borrower's own premises. We are the largest, strongest and the most experienced organization now conducting nationwide field warehouse operations.

Ours is a highly specialized service. We relieve the lender of all concern for the physical security of goods, proper inspection by experts, and bonding of employees having access to the inventory.

We do not ourselves make loans—but often we are able to establish a sound basis for loans which you could not otherwise make safely.

Lawrence Warehouse receipts are supported by the strongest financial statement in the field warehouse industry. We have always discharged our liability in full to all holders of Lawrence Warehouse receipts.

Call on Lawrence to meet these needs of your customers

- Release of cash from inventory in order to take advantage of all discounts
- Release of cash from inventory to permit expansion of the merchandise stocks
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"I can't see it. Working, slaving, sweating five hours a day, five days a week—for what? A lousy couple hundred bucks!"

"That's from my first hitch," he explained.

He got the money.

Financial Note

AN ITEM in "The District Line," a column conducted by BILL GOLD of the Washington Post, says a correspondent reports that "an Anacostia merchant employs a novel method of transporting his daily deposits to the bank."

"The merchant," continues the story, "puts his money in a cash bag and turns it over to a St. Bernard. The dog trots serenely to the bank without a single worry about holdup men."

"I haven't had a chance to interview the St. Bernard yet, but I presume that he keeps his own savings buried in the backyard."

"After all, what banker could figure the interest on six bones?"

JOHN L. COOLEY

The difficult thing about knowledge is that it can only be acquired on the instalment plan.

Scientists may gradually increase man's life to a 100 years. This is going to boost the instalment business.

Double jeopardy might be defined as the situation when a man discovers both pairs of a two-pants suit are through.

A successful diplomat is a man who is always on his toes but never on the other fellow's.

BANKING

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(Completely equipped McClintock Bandit Barrier)



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Drive-in service is an accepted and appreciated convenience for motorists—the only practical answer to the parking problems of today's bank.

The Diebold Drive-up Counter supplies, in one easily installed unit, every feature you need for efficiency and safety.

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Art in Banks

SEVERAL hundred art enthusiasts gathered at the Holyoke Savings Bank on the evening of October 1, to see the first showing of the "Great American Art Series" at that bank.

The showing, which was held from 8 to 11 P.M., attracted a cross-section of Massachusetts population including educators, city officials and businessmen.

The gathering was informed of the year-round art exhibit to be held at the Holyoke Savings Bank, in conjunction with other New England banks, and local radio station WHYN broadcast the proceedings via remote control from the bank lobby.

Comment by the Holyoke superintendent of schools, the director of the Holyoke Museum, the president of the Holyoke League of Arts and Crafts, and lecturers at Mount Holyoke College and Smith College were broadcast at that time.

Every two weeks, another painting will be hung in the bank. The entire sponsored series will consist of 24 paintings (two each month), and both adults and school children will be invited and encouraged to view the paintings and discuss the works of the American artists represented.

The paintings to be exhibited have been selected in collaboration with the



Ed Rounds, public relations director of the Holyoke Savings Bank, interviews Mt. Holyoke College art instructor during the quarter-hour broadcast at the art show opening

Associated American Artists' Galleries of New York and Chicago, and will be chosen with a view towards stimulating interest in contemporary American art, particularly among students. The art exhibition at the bank also offers excellent material for discussion at clubs, classes and cultural groups.

Among the artists whose works will be represented are: Grant Wood, John

Steuart Curry, George Biddle, Ernest Fiene, Peter Hurd, Doris Lee, Raphael Soyer, Umberto Romano, Paul Sample and many others.

Biographical information about each of the artists (whose works are represented in the outstanding museums of the country) will also be exhibited at the bank in conjunction with the showing of the original paintings of the artists.

Two of the paintings included in the exhibit. Below, "Stacking Wheat," by Joe Jones. Right, "Near the Foothills," by Dale Nichols



By the Way—

A PERSON who does not go beyond his financial depth is seldom attacked by loan sharks.

Our State Department might maintain that necessity is the mother not only of invention but also of intervention.

With a decline in the birthrate among the upper middle classes it is apparent they must believe children should be seen and not had.

The economists who claim the real problem is distribution should notice that the U. S. Treasury doesn't find it difficult.

We understand there is a night club where the waiters are disguised as pirates instead of pirates being disguised as waiters.

Compromising is a method of delaying the ultimate outcome a little.

A man's clothes may make him although his wife's may break him.

If ignorance is bliss, the happiest man in the world is a witness before a Senate Investigating Committee.

Stalin has taken a great deal of Europe steppe by steppe.

The dollar may not go as far as it did, but it has greater acceleration.

A turtle with retractable neck and legs and a solid turret top may be nature's effort to develop a safe pedestrian.

Civilization is a condition in which one generation pays the debts of the last generation by issuing bonds for the next generation to pay.

The danger of a tariff that keeps outside products out is that it will keep inside products in.

A girl triples her weight during her first year; tries to halve it during her fortieth.

Mexico and the United States are now on capital terms with Mexico needing the capital.

We are not sure whether the United States is mixed up in world affairs or just mixed up.

November 1947



STATEMENT OF CONDITION

September 30, 1947

RESOURCES

Cash and Due from Banks	\$ 311,300,576.98
U. S. Government Securities	\$994,121,891.56
State and Municipal Securities	34,590,948.07
Other Bonds and Securities	10,620,653.97
Loans and Discounts	1,039,333,493.60
Earned Interest Receivable	333,807,065.30
Customers' Liability under Acceptances and L/C	5,774,422.60
Bank Premises	2,751,439.47
Vaults, Furniture and Fixtures	4,592,111.00
Other Assets	1,058,660.46
TOTAL	124,151.77
	\$1,698,741,921.18

LIABILITIES

Capital	\$24,000,000.00
Surplus	26,000,000.00
Undivided Profits	27,500,000.00
Reserves for Contingencies, Interest, Taxes, Dividends	\$ 77,500,000.00
Interest Collected—Unearned	14,406,896.80
Acceptances and Letters of Credit Liability	1,680,830.75
Other Liabilities	2,751,757.47
Deposits—Time	160,293.80
—Demand	\$643,187,357.92
	959,054,784.44
TOTAL	1,602,242,142.36
	\$1,698,741,921.18

Securities carried at \$72,014,749.64 are pledged to secure trust funds and U. S. Government, State and other Public Monies, and for other purposes as required or permitted by law.

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Black Ghosts and Bucktails

WHILE recuperating from a major operation 12 years ago, Frederick W. Davis, Waterbury, Connecticut, banker, was told by his doctor that he had to give up golf. A keen hobbyist, Mr. Davis was advised by a friend to take up the indoor pastime of tying wet fishing flies.

Today Mr. Davis, trust officer at Waterbury Trust Company, is such an expert in tying flies that he is called upon by fishermen in Connecticut and Maine to make special flies, copied from old flies or from magazine illustrations. In the 35 years that he has been with banking firms in Connecticut, Mr. Davis has never met another banker who ties flies as a hobby.

Each year Mr. Davis makes about 100 dozen flies. In order to meet expenses, he sells them at from 35 to 75 cents each. At Christmas, he gives many of them as gifts. These are attractively placed in flyweights or on Yuletide cards.

It is still a fascinating hobby for him to make bodies and wings on small hooks. But he also gets a lot of pleasure out of scouting around for hooks and brilliantly colored raw material, silks, threads, and so on. He spends his vacations buying buck tails, bear hair, calf tails and feathers from pheasants and a dozen other birds. These things he buys

in New England and Pennsylvania, but he gets most of his hooks from England and Norway. The foreign hooks are sturdier than the American ones, he says.

Among the large variety of flies which he makes are Mickey Finn, Gray Ghost, Black Ghost, dark and light Edson Tiger, all-colored Bucktails, Royal Coachman, Parmachene Belle, double-hook Salmon Streamer.

Recently he began making feathers of various sizes for women's hats.

Mr. Davis always uses his flies when he fishes. However, he admits that when the flies fail to attract catches, he changes to live bait. The change often spells success.



Right, Mr. Davis in his shop, working on a Gray Ghost. Below, he points to a framed selection of some of his specimens





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HERE is an air conditioning system . . . a General Electric system . . . that is easily fitted to the requirements of your building.

Individual rooms can be cooled or heated to individual taste . . . at the turn of a switch, or by thermostatic control. Fresh air can be introduced directly through room units, or by hall ducts, or by a central plant system . . . depending on your preference and needs.

A simple piping system, served by a central plant in the basement, provides each room with cooling in summer, heating in winter. Ventilation air can be introduced in the manner and volume required.

If you want a Personal Weather Control System . . . or any other type of air conditioning, a General Electric air conditioning specialist will be glad to work with your architect, engineer or contractor.

*General Electric Company, Air Conditioning Department,
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GENERAL ELECTRIC

Better Air Conditioning

North of the Border

Canada's Struggle for Domestic Tranquility

THE Canadian public got a price shock when the Dominion Government's price control agency removed subsidies on many commodities which had been held at comparatively low levels through such financial assistance to a number of industries.

Funds for these subsidies were running low and could not be replenished until early next year, when the Dominion Parliament reopens. The cancellation of subsidies to flour millers and to leather footwear manufacturers immediately evoked some rather extravagant predictions as to cost increases to these industries, as well as to the higher prices which would have to be passed on to the public. Labor organizations and the C.C.F. (Socialist) party were the loudest in their condemnation of the Prices Board action, but there was an almost general reaction to the official price decontrol move, for it came about the time that previous decontrol measures had begun to be felt in living costs.

THUS, in August the official cost of living index rose by nearly three points, the sharpest monthly increase since May 1920, bringing the index about 11 percent over that for the same month in 1946. Subsequent increases have been more moderate than were expected. But by the end of the year the cost of living index will rise further as the result of the withdrawal of subsidies and, perhaps, reach a level about 45 percent over the prewar average.

It might be emphasized, however, that the increase so far in the cost of living, as well as advances in other price indexes, has been comparatively moderate—moderate, that is, in comparison with price spirals elsewhere. The general wholesale price level is about 22 percent over that of a year ago, the biggest increases occurring in producers' goods, building material and raw materials, and the smallest in consumer goods and manufactured products. Processors and distributors have therefore absorbed part of the higher costs which they have had to meet for equipment and materials. Dealers and manufacturers have been strongly urged to continue to keep their prices down as much as possible and most of them are apt to heed this advice as long as they can do so. However, labor is pressing

for further wage increases and the restoration of price controls without, of course, *wage controls* which are necessary to stabilize commodity prices and without, also, taking into consideration income tax reductions in the last two years, as well as those that might reasonably be expected next year with the high fiscal revenues now being recorded and prospective lower expenditure consequent upon the removal of price subsidies.

Labor's new battle for higher wages opened some weeks ago with a strike commencing with the Canadian Swift Company and extending to other major meat packing companies and several small independent plants. An increase in wages was, however, only one of the issues involved in this labor trouble. In calling the strike the meat packers' union pressed also its demand that the Dominion Government settle it, notwithstanding that that public authority had given up to the Provinces last Spring the controls it assumed during the war. The strike was declared illegal in six provinces where labor laws call for arbitration before employees are called out. The union's strategy was

clearly to force either Dominion Government action, or joint provincial consideration. Thus, a general pattern could be set for all industries where labor has national union representation, and where labor could continue to defy provincial laws, or force legislation without penalties for calling a strike before arbitration had been agreed upon. This affair, therefore, developed into a major test to determine whether labor or government is to decide upon the regulations for industry-union relations. That question is yet to be settled.

THE strike aggravated the comparatively poor agricultural conditions resulting from crop damage this year, except along the Atlantic and Pacific coasts. The closing of a number of meat packing plants narrowed considerably the market facilities for livestock, and farmers, therefore, had to hold back a large proportion of their cattle and hogs which were in prime condition for slaughter. Livestock producers had to continue feeding from their short stock of grains, with a consequent lowering of weight in cattle and of overweight in

(CONTINUED ON PAGE 22)

Canada's capacity to export wood pulp is of great importance to publishers and the public in the United States. The "alligator," shown below, is an effective craft in breaking Canadian log jams around Port Arthur. It has a steel hull and is diesel-driven



WIDE WORLD
BANKING

THIS BOOK SHOWS YOU HOW TO FIGURE THE COST OF A PENSION PLAN FOR YOUR BANK



WHAT THIS BOOK CONTAINS

How the use of pension plans has grown

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Plans used by State Bankers Associations

Discussion of the major provisions of bank pension plans

Tabular analysis of 226 different pension plans

How to determine the cost of a pension plan

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Now available—an authoritative study of the **PENSION PRACTICES OF 688 BANKS**

THIS new book, written by specialists, analyzes and summarizes pension plans now in use by banks for the benefit of their own personnel. It is based on a recent survey of all banks with deposits in excess of \$22.5 million.

The book discusses the major provisions of 226 bank pension plans, and examines important, basic trends. It contains a detailed analysis of these plans in tabular form for quick reading and easy comparison. It gives you a "cost yardstick" that will enable you

to figure the cost of a pension plan for your bank.

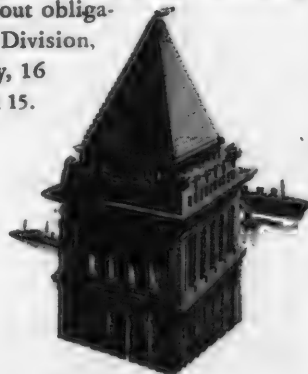
Bank officers considering a new pension plan, or revision of an existing plan, will find this book of great value.

Copies are now being mailed to our correspondents. Officers and directors of other banks are invited to write for a copy—without obligation. Address Pension Division, Bankers Trust Company, 16 Wall Street, New York 15.

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1½% Bonds

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North of the Border — CONTINUED

hogs, both effects tending to reduce the value of marketable stock. There was sufficient meat for the public through the independent channels which were kept open, but as the strike-bound plants were the major outlets for bacon shipments for Britain (which constitute two-thirds or more of the supply for that country) these were so greatly curtailed as to threaten a cut in the British ration to one ounce per week per person.

The national conventions of the two major organizations, the Trades and Labor Congress, a counterpart of the A.F.L., and the Congress of Labor, affiliated with the C.I.O., broke into wide-open dissension between radical and moderate elements. An attempt to line up the Trades and Labor Congress with labor-political bodies, particularly those of Communistic tinges, failed after a bitter fight, the executive of the national organization carrying its point that the Congress should not get into the political field, although this measure meant that attempts to throw out Communist leaders of some member unions were also defeated.

The Congress of Labor took a stronger stand against the radical elements in its ranks. After a 'knockdown' fight it refused to align itself with the Labor-Progressive party, a small political organization headed by some well known Communists. The central executive, however, agreed to join forces with the C.C.F. party, which the Gallup polls indicate has a little over one-fifth of the country's total voting strength. The executive also had its congress go on record as denouncing "Russian Communistic Imperialism," as well as "monopoly capitalistic Imperialism." It also supported the Marshall Plan and Canadian military cooperation with the United States, while calling for "freedom for all peoples under military domination either by Russia, the United States or other countries." At the same time the congress endorsed the C.C.F. policy of nationalization of banks.

CANADA's trade with the United States and the present heavy deficit on the former's side have been the subject of serious consideration by business leaders north and south of the border. From such discussions there emerged some worth-while and practical suggestions to maintain, and increase, trade between the two countries, which for the eight months ending August aggregated, in exports and imports, nearly \$2 billion, the largest merchandise transactions between any two countries in the world.

Canadian imports from the United States, however, were practically double American imports of Canadian products. On their way to the annual meeting of the Canadian Chamber of Commerce, officials of the Chamber of Commerce of the United States, headed by the president of that organization and in company with many other American businessmen, had a private meeting in Montreal with a group of Canadian business leaders and bankers. Agreement was reached on both sides that under present conditions proposals such as the devaluation of the Canadian dollar and the flotation of a Canadian loan in the United States would prove to be ineffective, or would, at best, be temporary expedients. This joint committee recommended continued studies by both Canadian and American Chambers of Commerce and by groups of businessmen, in conjunction with their respective governments, of measures that might be taken to bridge the exchange gap between Canada and the United States until long-range plans could be made effective. The committee approved as having merit a suggestion that Canadian contributions to the Marshall Plan be made in goods, with payment in American dollars.

Official Hint

These proposals were followed by a public statement by the Dominion Deputy Minister of Trade and Commerce that Canada endeavor to increase her exports to the United States to help balance her trade. This official stressed that American businessmen who have invested more than \$2¼ billion in branch plants, subsidiaries and controlled companies in Canada have a real interest in her welfare.

Recent trends, however, in Canadian export-import trade seem to promise some relief in the exchange problem. Imports from the United States have declined slightly during the last few months, while American imports of Canadian products have remained at a steady level. If Canada's imports should drop by, say, \$20 million per month and her exports to the United States increase by a like amount, her deficit of American dollars could be reduced to manageable proportions. Some Canadian requirements of American products, such as machinery and textile fabrics, are abnormal and may be expected to lessen in any event. Canada's exporting capacity in wood pulp, newsprint and non-ferrous base metals is expanding to the extent that her exports to the United States might readily be increased by \$20 million per month.

STATEMENT OF CONDITION

At Close of Business October 6, 1947

RESOURCES

Cash and Due from Banks	\$ 97,306,498.09	
U. S. Government Securities, Direct and Fully Guaranteed	167,184,596.91	
Municipal and Other Public Securities	<u>10,993,182.25</u>	\$275,484,277.25
Other Bonds		8,767,903.33
Loans and Discounts		98,576,335.50
Federal Reserve Bank Stock		300,000.00
Banking Houses and Equipment		1,931,690.87
Other Real Estate		15,521.00
Interest Earned, not collected		883,428.32
Other Resources		13,124.68
Customers' Liability under Letters of Credit and Acceptances		<u>462,030.12</u>
		<u>\$386,434,311.07</u>

LIABILITIES and CAPITAL

DEPOSITS		\$365,002,808.14
Unearned Income		391,506.39
Liability under Letters of Credit and Acceptances		462,030.12
Reserve for Accrued Expenses, Interest and Taxes		1,310,368.63
Capital	\$ 3,000,000.00	
Surplus	7,000,000.00	
Undivided Profits	4,018,806.25	
Reserves for Contingencies	<u>5,248,791.54</u>	19,267,597.79
		<u>\$386,434,311.07</u>

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That meets the needs of CORPORATIONS

The average investor does not usually need at one time all of the financial services offered by Smith, Barney & Co. Nevertheless, you are better served because they are ready at hand in case you need them.

But it is different with corporations and institutions. Their needs are exacting and varied. The continuous exchange of views and knowledge between our various departments provides valuable perspective and more complete understanding of objectives and the best means of attaining them. Smith, Barney & Co. is one investment firm that can meet *all* financial requirements.

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A major activity of Smith, Barney & Co. is the underwriting and distribution of new capital issues. An important part of this job is the *public* distribution of stock in closely-held or "family" companies. Smith, Barney & Co. has served leaders in all branches of American business.

BROKERAGE SERVICES—Smith, Barney & Co., members of the New York Stock Exchange and of other leading exchanges, can execute orders in all listed securities. Our Trading Department has broad knowledge of the market for unlisted issues and supplies to banks, insurance companies and other large institutional clients the market information for their day-to-day operations.

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OTHER SERVICES are offered by Smith, Barney & Co. departments that are expertly staffed for specialized financial services. These include the Municipal and Research Departments, and the Account Supervision Department which handles supervision of investment accounts for institutional, corporate or individual clients. Smith, Barney & Co. is prepared to meet *all* financial requirements.

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How To Split Your Advertising Dollar

BELLE S. HAMILTON

The author writes a monthly column for BANKING entitled "Around Our Bank" (omitted this month). She has gained considerable prominence as author of the newspaper column, "The Tell-Tale Teller," which is part of the public relations program of her bank, The First National Bank of Leesburg, Florida.

It is far easier to write 10 passably effective sonnets . . . than one effective advertisement," declared Aldous Huxley, British intellectual. To our knowledge, no sonnets were written by those attending the annual convention of the Financial Public Relations Association (formerly the Financial Advertisers Association) in New York last month; evidently the more difficult subject of effective advertising in all its forms was more popular, as discussed by well informed speakers at the general sessions, and by bankers from all parts of the country, in clinics and departmentals.

In an effort to determine the trend of bank advertising today, we interviewed a score of bankers attending the convention for information as to how their institutions spend their advertising dollars—what proportion is allotted to newspaper publicity, radio, outdoor advertising, direct mail

and other advertising media. We give you the results here of our informal questionnaire, without attempting to segregate the banks concerned as to size, location or other details.

Where facilities are available, radio seems to be increasing in favor as an advertising medium. Among the banks leaning heavily on this form of advertising is the American Trust Company, of South Bend, Indiana. L. L. Matthews, its president, told us that 65 cents of the bank's advertising dollar is spent for radio broadcasts. For nine years the bank has sponsored the broadcasting of University of Notre Dame

*At its convention in New York in October, the Financial Advertisers Association changed its name to Financial Public Relations Association. The convention elected as its 1947-48 officers the men shown in the picture above. *Left to right, seated:* President Robert Lindquist, vice-president, LaSalle National Bank, Chicago; First Vice-president Allen Crawford, vice-president, Bankers Trust Company, Detroit; Second Vice-president John N. Garver, vice-president, Manufacturers & Traders Trust Company, Buffalo; Third Vice-president, Philip K. Barker, vice-president, Granite Trust Company, Quincy, Mass. *Standing, left to right:* Treasurer, Chester A. Price, advertising and public relations manager, City National Bank & Trust Company, Chicago; Executive Vice-president Preston E. Reed, in charge of the F.P.R.A. headquarters in Chicago

football games. Its officers feel that such programs are of more local interest than any other kind. High school athletic events are also featured on the radio. On the average football broadcast, from six to eight "spot" commercials are used. The balance of the American's advertising dollar is divided up, 5 cents for newspapers, 15 cents for direct mail, and 15 cents for "good will and flowers."

Radio is also a big item on the advertising budget of the Union National Bank, Marquette, Michigan. E. L. Pearce, president, said that 65 cents of every dollar appropriated by his bank for advertising is spent for radio publicity, and the other 35 cents is spent in direct mail advertising.

Another bank devoting a large portion of its advertising dollar to radio is the First Federal Savings & Loan Association of Chicago. This bank also allots 65 cents out of each dollar in its advertising budget to radio. Of the balance, 15 cents goes for newspaper advertising, and 20 cents for direct mail publicity, said Robert V. Bodfish, its assistant vice-president.

Contrast in Texas and Iowa

The Gibraltar Savings and Loan Association of Houston, Texas, evidently feels that, if "the eyes of Texas are upon you," the ears are listening, too. Walter Godlove, vice-president, stated that his institution spends 40 cents of every advertising dollar on radio. Thirty cents is spent on newspaper advertising, and the remaining 30 cents is divided between outdoor advertising and direct mail advertising, the latter including the house organ of the bank.

Out in Iowa, "where the tall corn grows," the Home State Bank of Jefferson, reported Warren Garst, cashier, spends 90 cents of its advertising dollar on newspaper advertising. The remaining 10 cents is used in direct mail advertising.

Neither radio nor outdoor advertising shares in the budget of the Union Bank and Trust Company of Los Angeles, according to Rod Maclean, its versatile assistant cashier and advertising manager. Fifty cents of every advertising dollar of this large bank is spent for newspaper publicity, 17 to 18 cents in direct mail, 15 cents in trade papers, while a dime goes for lobby displays and the remaining seven cents is spent for miscellaneous advertising.

Another bank spending half of its advertising dollar on newspaper publicity is the Rapid City National Bank, Rapid City, in the Black Hills of South Dakota. A. E. Dahl, its president, told us that the remaining 50 cents is spent on

radio broadcasts and miscellaneous advertising, in equal amounts.

Stephen H. Fifield, vice-president of the Barnett National Bank, Jacksonville, Florida, and a past president of the Financial Advertisers Association, told us that his bank is doing no radio advertising at the present time. Fifty cents of its advertising dollar is spent for newspaper advertisements, 2 cents for magazine ads, 4 cents for lobby and window displays, 4 cents for conventions, 5 cents for direct mail, 25 cents for trust advertising, and 10 cents for miscellaneous publicity. This bank does not use outdoor advertising such as billboards or street car cards.

Up in the rugged granite hills of the Green Mountain State, the Howard National Bank and Trust Company, of Burlington, said H. F. Ordway, trust officer, devotes 43 cents out of its publicity dollar to newspaper advertising, 28 cents to radio, 10 cents to printed matter, 12 cents to direct mail, 3 cents to window advertising, and 4 cents for miscellaneous advertising expense.

Advertisements in the rotogravure magazine section of the Sunday newspapers have proved decidedly effective for the Lincoln Bank and Trust Company of Louisville, Kentucky, according to its advertising manager, Ralph L. Watter. The bank has not missed an issue in ten years. It uses no billboards, but features radio "spot" advertising. It uses direct mail and advertises in periodicals, including *The Kentucky Banker*, publication of the state bankers association. Mr. Watter did not have his figures with him, but said the bank's advertising expenditures were in line with a survey made recently by the F.A.A. On looking this survey up, we find that the average is 37 percent for newspapers, 14.4 percent for radio, 8.3 percent for periodicals, 7.8 percent for direct mail.

A Variety of Media

The largest advertising expenditure of the First National Bank, Akron, Ohio, according to its advertising manager, Miss Mildred Williams, is for newspaper advertising, which gets 23 cents out of every dollar. Radio is next, with 16.9 cents; outdoor advertising calls for 15 cents; while other expenditures are 4.1 cents for periodicals, 4.9 for direct mail, 5.6 cents for bus cards, 8.8 cents for printed matter (including statement stuffers, blotters and counter pieces), 2.1 cents for window and lobby displays, and 1.7 cents for directories. The balance of approximately 17 cents covers agency advertising fees and miscellaneous advertising media.

Seventy to 80 cents of the advertising dollar of the Merchants National Bank, Aurora, Illinois, is spent on newspaper advertising, reported D. J. DeFrater, executive vice-president. This bank does no radio advertising and erects no billboards, expending the balance of its advertising dollar on direct mail, trust advertising and public relations activities.

In the "Gold Coast" resort section of Florida, the First National Bank of Fort Lauderdale apportions 60 cents of its advertising dollar to newspapers, said its president, C. L. Pierce. Twenty cents is spent for radio—mostly "spot" commercials, which have been found most effective. Ten cents goes to outdoor advertising and the remaining dime is spent for direct mail and miscellaneous advertising.

Thirty cents each is apportioned to newspaper and outdoor advertising from its advertising dollar by the Ohio Citizens Trust Company of Toledo, Ohio, according to Thomas H. Kiley, vice-president and trust officer. Of the

NEWSPAPERS—

At the FPRA clinic on newspaper advertising, C. H. Wetterau, vice-president, The American National Bank, Nashville, said:

ASSUMING the premise that the institutions we each represent are so situated as to serve a trade area coincident with the circulation of the local newspaper and that each institution offers services that can be used by and helpful to the masses, then common sense would lead us to place emphasis on newspaper advertising for reaching our potential market, thus securing the largest coverage per dollar of cost.

In comparing radio advertising to newspaper advertising, Roger W. Babson, on September 5, is quoted as saying "A newspaper advertisement is available all of several days to the family reader. On the other hand the radio 'spot' must be caught on the fly on a certain minute on a certain day on a certain station—or be lost forever."



“ . . . we interviewed a score of bankers . . . ”

remainder, 12 cents is spent for car cards and 28 cents is expended in direct mail and miscellaneous advertising. No radio publicity is used.

The State-Planters Bank & Trust Company, of Richmond, Virginia, said its advertising manager, Miss Virginia O. Valentine, spends approximately one-third (32 percent) of its advertising dollar for newspaper advertising. Twenty-two cents is allotted to radio, 5 cents to billboards, 17 cents to direct mail, 10 cents to periodicals, 5 cents to directories, 4 cents to statement stuffers and 5 cents to miscellaneous advertising. The State-Planters uses a rotating system in its billboard advertising. One billboard, in a central location, remains stationary; the other three are moved to various sections of the city at intervals, giving the message greater distribution. For radio advertising, this bank favors short “dual-voice” spots, in which one voice states the problem—for instance, needed house repairs—the second “views with alarm”, and the announcer breaks in with the solution—a loan from the bank.

Two Media

In Cleveland, Ohio, the Equity Savings and Loan Association, said D. C. Macdonald, its executive vice-president and counsel, puts 65 cents of its advertising dollar into newspaper ads, and 25 cents into direct mail. The other 10 cents goes for miscellaneous advertising expense.

After Lou E. Townsend, vice-president of the huge Bank of America, with headquarters in San Francisco, had delivered his extremely interesting address on “What’s New in Bank Advertising?” on the closing day of the convention, we quizzed him on his bank’s advertising program, and learned that newspaper advertising accounts for 59 cents out of each dollar budgeted; 15 cents is spent for direct mail, 12 cents on outdoor advertising, 8 cents on radio and 6 cents on magazine and miscellaneous publicity. This bank, with its many branches and its three and one-half million customers, has been advertising by radio for more than a quarter of a century—its experience dating back to 1922.

Linton E. Allen, president of The First National Bank at Orlando, in the central lake region of Florida, advised that his bank allocates 33 cents of its advertising dollar to newspaper advertising. During the past year no radio publicity

has been used; however, during the next six months a substantial expenditure is anticipated. Maintenance of outdoor advertising calls for 3 cents; direct mail, 15 cents; art and zines, 7 cents; and the Audichron—the automatic clock which answers the telephone, giving the correct time and a brief message about bank services—accounts for 20 cents. The other 22 cents goes for bus advertising, national publicity, counsel and service and miscellaneous advertising expense.

Of course the report we have made here is of too limited a character to establish any definite advertising trend.

However, we do think they present some interesting indications. Eleven of the 17 use radio advertising, with an average expenditure of almost 31 cents of their advertising dollars. Three of them spend 65 cents of that dollar over the air ways. Sixteen of the 17 spend better than 66 cents of their dollars for newspaper advertising, expenditures ranging from 5 to 90 cents. Each uses direct mail advertising, averaging a little more than 16 cents each. Savings and loan associations, trust companies and banks with trust departments, we found, specialize more heavily in this line of advertising. Six of the 17 banks feature outdoor advertising, spending an average of 14 cents of their advertising dollars on billboards and similar media.

It is significant that each bank had a definite program, and, for the most part, a well rounded one.

RADIO—

Talking on the subject, “So You Want to Go on the Air?”, Daniel W. Hogan, Jr., vice-president, City National Bank and Trust Company, Oklahoma City, told an FPRA clinic on radio:

SELLING a service to the public is no different from selling merchandise. A man shops for a loan much the same as he shops for a suit of clothes.

Just as the most important thing about newspaper advertising is to get people to read it, so . . . the most important thing about radio advertising is to get people to listen to it. People would rather be entertained than educated. Therefore, if you want an audience, you will have to entertain, and entertain so well that people will not resent having to listen to the educational part, telling them where to open a savings account or get a loan on the new car.



A customer expects certain qualities in every bank. The "extra dividend" qualities make him choose your bank

It's Pleasant— It's Profitable

By J. WILL IRWIN

Drawings by DOUG ANDERSON



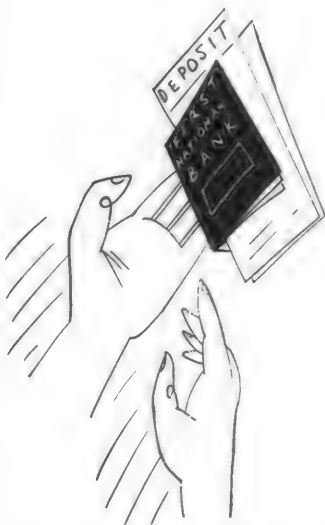
Some routine qualities go with the price of admission



Efficiency is one



Accuracy is another



Customers expect speed in handling transactions



Three admirable, expected qualities, but they are not what cause customers to choose one bank over another



Cheerfulness will bring customers back, make them permanent



And courtesy



Prompt, correct answers to questions



The spirit of cooperation is important if your bank's business is to grow



A sympathetic attitude makes a favorable impression



Good manners and good taste, that you learned at school, increase deposits and loan volume



And here's a dividend: It's more fun to be friendly, more pleasant to be cooperative



It costs nothing to be friendly . . . so you're bound to show a profit. Better public relations mean progress for your bank and for YOU

Process Charts Save Steps

Operations Can Be Simplified by Charting and Study

R. P. JOHNSON

The author is assistant cashier and assistant trust officer, the Lincoln National Bank & Trust Company, Syracuse, New York.

ONE of the ways we have found to offset present day rising operation costs is the simplification of our operating procedures and the elimination of unnecessary work. This has required specific studies.

Over-all operating studies in large banks usually have the benefit of a methods planning division staffed with competent analysts having management engineering or industrial engineering backgrounds. In our bank we have attempted to accomplish this objective by the use of simple methods for work analysis. One of these is known as the "process chart."

Perhaps a little explanation of what the process chart is and how we applied it would assist in a better understanding of the charts illustrated here. The process chart is a detailed record of the successive steps in a process. It sets down in chronological order what happens; it is a means of presenting graphically all details necessary for a systematic analysis to obtain the maximum improvement, without lengthy narrative descriptions and cross-references.

It is sometimes known as a plan or map method, a system of short-hand.

Four simple geometric symbols are used in its construction.

A large circle is used to denote an operation. An operation is defined as "work which changes the characteristics or properties of an item in the process." For example, when a depositor signs a signature card its properties change from a printed card to a document. Thus it is an operation.

When an item is moved a transportation takes place. This is indicated by a small circle.

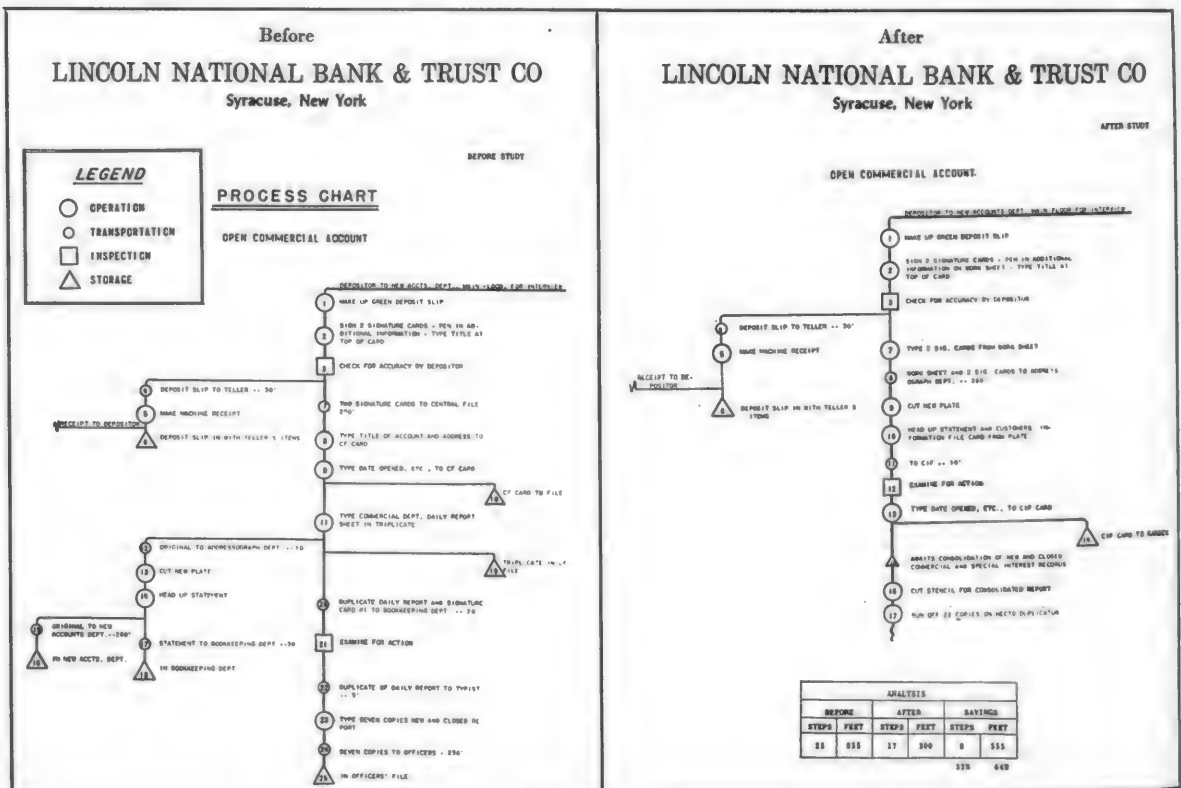
A triangle is used to show storage. When an item does not move and nothing is done to it, it is said to be in storage.

The examination of an item to check quantity and/or quality is called an inspection, which is symbolized by the square.

A flow line joins these symbols together and shows the flow of the work. Descriptive matter is entered beside each symbol, just sufficient to describe the step in the process.

After the process chart of the present procedure has been made, it is subjected to a planned questioning. Herein lies the greatest value of this technique, because a questioning

(CONTINUED ON PAGE 121)





The Uncharted Course for the Future

DOMESTIC business has been nosed into a new and uncharted current. This new current is, of course, the economic war between the United States and Russia, and it will dominate the course of things for a long time. True, it is a defensive war, from our standpoint, to save western Europe from Russian domination. The Marshall Plan is only a phase—perhaps the opening phase.

Yet already it has brought sharp changes in what federal officials think is ahead for business, and in what they think business should do.

A typical symptom of the changed thinking is the earnest pleading of top federal officials to business leaders to make the good fight against inflation.

Marshall Plan Inflationary?

One change is that, with the actual publication of the Paris committee's version of the Marshall Plan, officials have developed a surprising reaction. It is to the effect that foreign aid on any scale comparable to the Marshall Plan provides an automatic guarantee of continued inflation. As top officials see it, there is no end in sight for the spiral of wages, prices and the cost of living. The Marshall Plan, they feel, is likely to push the spiral higher.

What is naturally closer to a government official's occupational interest, however, is that the high cost of living probably will continue into next year's national election campaign. And the cost of living, having risen further, will make the business of politicking ever so much more difficult.

This new thinking is surprising for two reasons. If the Marshall Plan's contemplated exports will have such a pronounced inflationary effect, it is odd that the top officials did not anticipate it sooner, before seeing the bill of particulars. It is also surprising because the lower layers of federal officials are by no means convinced that the Marshall Plan will, of itself and in volume so far unfolded, boost

the price level sharply. In fact, some of them are inclined to discount the inflationary effect. They hope that, except for seasonal factors, overall prices will hold to a moderate rise, barring the prospect of a short crop for next year, or labor busting loose on a substantial scale.

A Feeling of "Helplessness"

Another basic change in Administration thinking is that top levels of officialdom feel there is nothing much they can do to stop the inflationary influence of foreign aid. All they can do is to hurry the advancing hordes of inflation. No frontal attack looks feasible.

So, for example, federal bank supervisory officials will give little aid and comfort to the nation's lending institutions in opposing the Veterans Administration on the matter of GI home loan down-payments. VA insists that any "arbitrary" rule requiring down-payments on homes where GI guarantees are available is a high credit crime and misdemeanor. At the same time supervisory officials bewail the ease of lending on inflated real estate values. Bemoaning it, nevertheless, they will do little about it in this application. So lenders who require any down-payment in connection with GI home loans under \$10,000, except where the credit of the borrower unquestionably demands it, will influence loans away from themselves and will not get backing from Washington.

This is typical of the feeling of helplessness. The Federal Reserve Board still thinks its recommendations of two years ago, for directly controlling certain policies of commercial bank portfolio make-up, are good. Nevertheless, the Board does not plan to request these powers again. The White House is more convinced than ever that a \$37 billion floor on federal spending is a sacred minimum, and cannot be disturbed. There is, of course, no thought of making any significant change in the program of debt management to alter the present status quo. The one anti-inflationary

measure will be a further large curtailment in marketable bonds in the hands of commercial banks.

The matter of the speculative rise in grain prices on the commodity exchanges is another illustration of this Administration thinking. The jittery reaction to the gyrations of the grain markets reflected the Administration's touchiness about rising prices. The speed with which the Administration moved to persuade the exchanges to boost margin requirements was typical of the rear-guard approach to this manifestation of inflation, but it was essentially a defensive role.

For even now no plan is in the works for requesting Congress to authorize the Commodities Exchange Administration to control trading margins, comparable to the Federal Reserve Board's power to regulate margins in securities trading. The Administration believes that margins should be fixed by government, but hesitates to ask for power to do so.

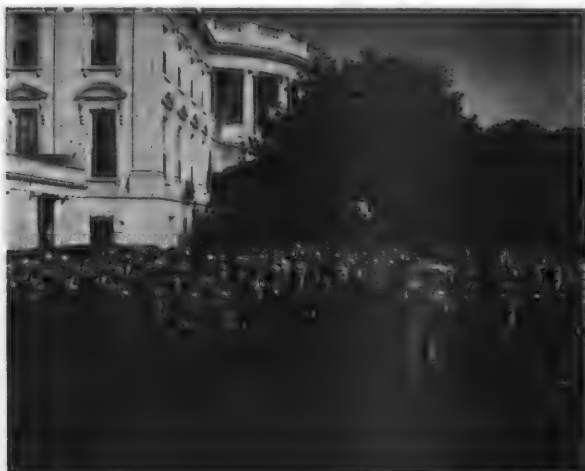
Incidentally, officials declare that commercial banks had no part in aiding and abetting commodity speculation on margin. Yet, should they next year find the Congressional climate favorable to margin controls, they may be expected to tell banks that a requirement of more substantial margins might make commodity trading loans an attractive outlet for funds.

So, for the immediate future, one can expect constant Administration worry over rising prices and a major emphasis only upon talking down prices.

Washington Wants the Banks Choosy

Lending institutions, particularly commercial banks, constitute one of the main reliances of the Administration in this rear guard war against inflation. The Administration wants the banks to go easy on loans which increase competition for the purchase of already available commodities. In other words, the Government wants the banks to be choosy about consumer loans, especially instalment loans, no matter how good is the particular credit risk presented. At the same time the top officials want banks to shoot the

Members of the National Association of Supervisors of State Banks, holding their annual conference this year in Washington, are photographed with President Truman at the White House. The conference heard discussions of inflationary trends, and, among other things, proposals for improved examination procedure



PRESS ASSOCIATION



PRESS ASSOCIATION

Taxpayers can perhaps derive some comfort from the existence of a presidential commission, headed by former President Hoover (seated above at President Truman's right), which is engaged in a study of means to simplify and promote economy in the Federal Government. Mr. Hoover stated that computations would probably show that "more citizens are employed trying to guide the relations of other citizens with the Government than are actually employed by the Government itself." This results from the average man's confusion due to "the great burden imposed upon the citizen by his routine relations with the Government," said Mr. Hoover

works in financing any business activity which increases the supply of needed goods.

There is every indication that bankers appreciate the problem outlined by the Government, and are sympathetic with the official objectives. The official and unofficial attitudes expressed at the annual meeting of the American Bankers Association last September pointed this up. Bankers do not want to encourage inflation.

Business, in any case, is going somewhere under the Marshall Plan. Where it will go and in what direction and to what degree is hard to forecast now. There are no fixed charts for the big current of economic warfare. In proposing to contain Russia's imperialism by supporting the economies of this nation's potential allies, the Administration moved into economic warfare. Hitherto its main reliance has been upon diplomatic moves, with Greek-Turkish aid the first harbinger of economic warfare.

If the objective of protecting western Europe from Russian domination is maintained, the United States will have to do all that is necessary to achieve that objective. That Russia does not intend idly to allow the Marshall Plan to be used to rehabilitate Europe was indicated early in the game. The indication was in the revival of the Comintern. Russian counter-measures may force sharp changes in the foreign aid program.

Aid Plan Revisions a Complicating Factor

So, if the Administration is to carry out its objective, it must be faced with the constant necessity for revising the Marshall Plan, for expanding it, for changing its emphasis, or for doing whatever else is required. This means that domestic business likewise has an uncharted course ahead. There is a widespread assumption, however, that economic measures, without military action, will be sufficient.

Businessmen and their creditors also must be faced with the underlying fact that the Administration has not thought through the steps which it believes should be taken to arrange affairs at home for the new program of economic war.

Perhaps the best example of this was the semi-comic fuss over whether the "waste less" campaign would or would not work, after Secretary Anderson indicated that the save-food campaign was not of much significance in itself. He did stress that the save-food drive was primarily a means of arousing public opinion so that farmers could be induced to feed less grain to livestock. Only by a substantial cut in feeding grain to meat animals, and not by consumer conservation, did Secretary Anderson expect any substantial savings in grain to accrue.

It is an accurate appraisal to say that the Administration was convinced both that voluntary savings would not do the job, and that consumer rationing and price control would take too long to get going to be of practical value. In this dilemma the Administration decided to give the "waste less" campaign a try and hope for the best.

Under these circumstances, it is difficult to say when and whether there will ultimately be controls and how extensive they finally will be on the economy. One may expect more of the same pattern: A program to be undertaken or revised and a belated and perhaps stumbling adjustment to the same. So with controls of industrial materials. They may not be revived until and unless serious bottlenecks develop.

Construction Predictions Didn't Work Out

Statistics indicate that what has happened in the construction industry is virtually the opposite to what officials predicted with the junking of controls over building materials. Officials then declared that with commercial and industrial projects relatively free to bid for materials, home build-

Readjustment Ahead—and Some Confusion

THE period ahead looks like one of continual readjustment. The nimble of mind will expect change to be a constant factor. Thus, for example, official thinking takes it for granted that the countries east of the "iron curtain" will withhold an exportable surplus of food for political purposes. With that outlook, officials think that even with good crops in western Europe, there will be for years a substantial need for food from the U. S. and Canada.

Yet it is not beyond the realm of possibility that Moscow might raise the curtain enough to swap food for manufactured goods, yet put pressures

against the West in some other ways.

For banking, one of the likeliest prospects is that foreign aid will maintain for a considerable time the rising demand for commercial and business credit. It will not stimulate that demand directly for producing foods for export. It will sustain it by keeping domestic business activity and prices high. With high prices and a large volume of business, more business credit is needed. Officials now expect business loans to reach a new peak, and to continue to rise during the first quarter of 1948, a pattern which developed early this year.

ing would slump. Commercial construction would rob the home builders of materials.

Private commercial construction has fallen below the earlier expectations of officials. The latter, likewise, never expected the volume of new home building to rise during July, August and September, the period when work normally slacks off in anticipation of cold weather.

Thus, actual results appear to sustain those who advocated the junking of controls. They insisted that if the building industry were liberated from the government's channeling of materials, the industry would build more homes.

This large volume insures, it is expected, that commercial bank holdings of urban real estate mortgages will increase. The actual number of mortgage recordings is dropping, however.

This is due to the slacking off in the rising prices of used homes, with the same property being sold two or three times at a rising price.

After Regulation W

Despite a plentiful production of most of the consumer durable goods which can be bought on time, the ending of Regulation W at the first of this month is expected now to boost commercial bank holdings of instalment paper by a rate of but \$200 million per year versus a gain at the rate of \$1.8 billion under Regulation W. Outstanding instalment credit of other lenders probably will increase at a more rapid rate.

Prices of most of these durables is not expected to drop, as was hoped earlier in the year, because of the over-all inflationary situation. Nevertheless, here and there, especially with some important classes of articles, competition is forcing down some prices.

(CONTINUED ON PAGE 78)

Home Building Volume Approaches Mid Twenties

Largely overlooked in the preoccupation with foreign problems, home building construction is now hitting a volume approaching, if not equalling, the large volume of the mid Twenties. Completion of housing units this year will probably reach, or exceed, 800,000 units. Completions actually will exceed housing starts by perhaps more than 50,000 this year, reflecting the improvement in the supply of materials.

In some quarters there is a fear that downturn in the production of

building materials might threaten this large volume of construction activity.

With the large volume of construction, the prospect of a substantial decrease in over-all building material prices appears to be small, since the demand will be so strong as to preclude any noticeable fall in prices. Officials had hoped this Summer that a decline in prices would develop, but this hope was predicated on the belief that home building construction would not continue strong so late in the season.

Time to Keep an Eye on Costs

The high cost of doing business these days has sent banks searching for operating economies—streamlined procedures, elimination of waste and duplication, more advantageous use of mechanical equipment, or so simple an economy as a reduction in the number of envelope styles. To help its readers explore this important subject, *BANKING* asked Everett J. Livesey, assistant comptroller of The Dime Savings Bank of Brooklyn, New York, what his bank had been able to accomplish in the direction of cutting costs. Mr. Livesey generously listed some of the procedural improvements the Dime has made. Several items apply to the mortgage department for the obvious reason that the Dime is especially active in that field. But the list is highly practical and other banks may well find it useful.

THE Dime Savings Bank of Brooklyn has divided its mortgages into four groups, separated according to quality, and there has been an attendant revision in servicing and tax searching procedures. (See Illustration A, below, for details of this change as it affects servicing.) A considerable saving, Mr. Livesey reports, has been effected in tax searching in that loans rated "A" and "B" are now searched only once a year instead of twice.

There has been a revision of procedure in contacting exceptionally large mortgages (except those with low ratios of loan to value) or of mortgages which have previously been troublesome. On these loans the bank requires the showing of tax receipts as soon as the items become due; it does not wait until a tax search shows the item open. It now uses a combined notice and a return envelope, in place of the personal contacts that were previously the rule.

New servicing sheets on mortgages contain notations of all details of negotiations with mortgagors, regardless of the person or department handling the business. This eliminates other servicing records, as well as additional entries and the typing of memoranda. It also makes certain that any staff member contacting a mortgagor has the complete story at hand.

Second notices to mortgagors have been eliminated. The Dime took this step some time ago; it has found, says Mr.

Livesey, that "there was no appreciable effect on the proportion of arrears outstanding when the time came for personal contacts."

In connection with mortgages, many notices must go to several departments on matters that are repetitive. These forms were streamlined and printed, with a minimum of fill-in for typists. Distribution around the bank is shown on the form. (See Illustration B.)

To eliminate future renegotiations of mortgages, the bank attempts to settle each transaction once and for all by extending mortgages on a long-term liquidating basis.

Unnecessary contacts in the mortgage servicing department have been eliminated, so far as possible. If a mortgagor is paying his arrears in full, he is sent directly to the mortgage tellers rather than to the mortgage negotiators. The theory in sending him first to the latter was that the negotiator could warn him to "be a good boy in the future." But the bank has found that the effect of this procedure did not warrant its continuance.

A complete review of record retention schedules, and a down revision of many of them, is resulting in a substantial saving in equipment expense and storage space.

Some time ago the posting of amortization on mortgage bonds or notes was eliminated, with the full approval of the supervisory authorities. Result: the saving of thousands of postings.

"Some years ago," reports Mr. Livesey, "we came to the realization that little was accomplished in posting debit and credit tickets to journals, and thence to ledgers. We eliminated the journals, and now file the tickets in support of the general ledger entries, which are merely totals obtained by running up the tickets."

Postage and stationery are saved in mailing notices through the use of punched card equipment, which permits the sorting of notices sent to one mortgagor, such as a builder who has many building loans.

By segregating punched cards and other more valuable waste paper, the bank increases the income it receives from its sale of scrap.

MORTGAGE SERVICING PROCEDURE (Effective 8/1/47)

Group	RATIO OF LOAN TO VALUE	TAX ARREARS	INTEREST ARREARS	AMORTIZATION
"A"	Under 40%	Send notice. No further contact unless open in next search.	Contact bet. 20th & 30th of next mo. & continue until paid.	No contact if we do not need it. Consider offering deferment.
"B"	40% to 60%	1. One contact 30 days after notice. 2. Mark-off 10 days later 3. Regular contacts if open	Contact bet. 10th & 20th of next mo. & continue until paid.	Same as Group "A"
"C"	60% to 70%	Contact 15 days after notice and continue until paid.	Start contacting 1st of mo. following due date & cont. until paid.	Same as interest follow-up
"D"	70% & over	Start contacting 10 days after notice & continue until paid.	Contact within mo. due and continue until paid.	Same as interest follow-up
SPECIAL INSTRUCTIONS: As to any mtge. over \$25,000, interest is to be followed as in Group D. The above procedure does not affect Star Loans which are to be contacted as heretofore. No loans are to be continued in the Star category if they fall in Groups A or B. The above procedure does not relieve the Administrator of reviewing all accounts when he receives the #2's each month so that he may determine the necessity of special handling in view of his particular knowledge of individual cases.				

ILLUSTRATION A—By grouping its mortgages into four groups, on a quality basis, the Dime makes a considerable saving in servicing and tax search procedure

NOTICE OF CHANGE OF STATUS

Department	TO	Date	Action	<input type="checkbox"/> COLLECT	<input type="checkbox"/> STOP COLLECTING
			<input type="checkbox"/> STARTED	<input type="checkbox"/> SETTLED	<input type="checkbox"/> ACQUIRED
			<input type="checkbox"/> REQ. FORK.	<input type="checkbox"/> REQ. FOR DEED	<input type="checkbox"/> 187C
			<input type="checkbox"/> SHORT FORK.	<input type="checkbox"/> SUIT ON BOND	<input type="checkbox"/> FUBA/s
				<input type="checkbox"/> RENT	<input type="checkbox"/> O.R.E.
	Mortgage No.	Owner			
	Property				
	Address				
	Business				
	MORTGAGE SERVING DEPT.				
	By:				

NUMBER OF COPIES TO BE DISTRIBUTED

DEPARTMENT	REG. FORK.	SHORT FORK.	REQ. FOR DEED	SUIT ON BOND	187C	FUBA/C	RENT	O.R.E.
ACCOUNTING	3	3	3	3	1	3	3	6
APPRAISAL	1	1	1	1			1	1
AUDITING					1		1	1
FILED	1	1	1	1	1	1	1	1
INSURANCE (FIRE)	1	1	1	1	1	1	1	1
LEGAL					1			
MORTGAGE SERV.	1	1	1	1	1	1	1	1
MORTGAGE VAULT								
PRESIDENT								1
REAL ESTATE	2	2	2	2			2	2
TABULATING							1	1
TOTAL	9	9	9	9	5	6	11	16

ILLUSTRATION B—Left, a streamlined notice that requires a minimum of fill-in. Its distribution around the bank is shown on the form itself, right.

Illustration C shows a revised form for banking-by-mail deposit tickets and drafts. It provides for return addressing by the depositor, thus saving much work at the bank. The typist inserts the appropriate fill-in material and the form is enclosed in a window envelope.

A hole punched near the left hand edges of deposit tickets and drafts facilitates spindling of these items by the tellers.

Tellers' checks and money orders are printed in three parts. The original is the check; the first copy, the stub for the bank's auditor; the final copy is for retention by the depositor-purchaser.

Letterheads have been rearranged so that they can be used in a few standard-sized window envelopes.

In connection with fire insurance coverage on mortgages, the bank has eliminated the second notice of expiration of a policy. It has also discontinued book record of insurance policies sent out by the department, having found that copies of transmittal letters suffice.

Much typing, as well as checking and traffic in papers, is being saved in connection with mortgage information sheets by utilizing original work sheets made with pencil carbon copies.

Elimination of preparation, handling, filing and traffic in carbon copies of various statements, reports and form letters has been attained wherever the bank found it could use the original work sheet or register or ledger card to reconstruct the statement. It is advisable in these cases, Mr. Livesey suggests, to note on the work sheets, etc., that the statement was checked and mailed by a certain person.

Elimination on various accounting records of the setting up or posting of various non-accounting information, wherever the information is not required by the accounting department and is on other records, is another saver.

Several unnecessary statements, as well as some detail on others, have also been done away with.

Extra carbon copies of commitment letters, confirmations, etc., are utilized as a register in place of hand-posting the same information to separate records.

Operating departments throughout the bank are supplied with enough checks to let them issue their own (under proper control), thus eliminating the preparation of many check requisitions, follow-up records and considerable traffic between floors of the bank.

Many other check requisitions are also dispensed with by having the checks drawn directly from invoices and bills; the initials of those authorized to approve payment are written directly on the check voucher.

With just a little additional training of typists, the bank, in preparing statements, is able to work directly from original data, thus saving the compilation of statements in long-hand by bookkeepers or accounting clerks for the use of the typists.

Many letters on routine matters, formerly separately typed, have been replaced with form letters.

The bank spreads the work on interest and other receipts throughout the accounting department by selling its borrowers the idea of mailing their payments. During the last six months, Mr. Livesey estimates, nearly 85 percent of the payments have come via the post office. The bank also has cut down considerably on the number of requests for return receipts (now about 5 percent of the mail items) by adding to the notice: "When paying by check send stub only. Your cancelled check will be your receipt."

Finally, the Dime has eliminated much filing and has reduced its retention-of-records problem by reviewing its forms, reports and statements, and by determining in advance which should go to file, and how long they should be kept there.

ILLUSTRATION C—This revised form for banking-by-mail deposit tickets and drafts enables the depositor to do the return addressing. A typist inserts necessary fill-in data. Window envelopes are used. Not shown in the illustration are the perforations across the form just above "Do Not Detach" and alongside the instructions

INSTRUCTIONS		MAIL DEPOSIT ON PASSBOOK No. _____		All checks and drafts are credited to depositors account subject to collection.	
Fill out deposit slip and print name and address on attached stub		NAME ON PASSBOOK _____		BILLS _____	
List each check separately		ADDRESS _____		COUPONS _____	
Have checks and money orders payable to The Dime Savings Bank of Brooklyn or endorsed thereto for deposit to your account				CHECK _____	
Cash and coupons should be sent by registered mail				" _____	
				" _____	
				TOTAL _____	
1018 REV		(DO NOT DETACH)		(DO NOT DETACH)	
<input type="checkbox"/> CHECK					
<input type="checkbox"/> CASH					
Your deposit of \$ _____ has been credited to your account number _____					
We are pleased to return your passbook showing entry of this transaction					
RETURN BOOK TO: THE DIME SAVINGS BANK OF BROOKLYN BANKING-BY-MAIL DEPT.					
By: _____					
NAME _____ PLEASE PRINT					
NUMBER AND STREET _____					
CITY, POSTAL ZONE NO. AND STATE _____					

YOUR PASSBOOK MUST ACCOMPANY EVERY TRANSACTION



CHARLES PHELPS COBBES

Pounds, Francs, Yen and Yuan

WASHINGTON, D. C.

WITH the advent of the Paris report on Europe's requirements from us Secretary of Commerce Harriman's press conferences have become so heavily attended that they have been moved from the Secretary's conference room to his more spacious office. There the correspondents sit on rows of folding chairs, arranged in classroom fashion. More and more, Washington press conferences are taking on aspects of educational institutions, with the scribes guided through the intricacies of postwar world economics and politics by government "technicians." In the case of the Harriman conferences, explaining the progress of the committee of distinguished citizens studying the implications of the Marshall Plan, the Secretary usually has at his side Richard Bissell, a former Commerce Department employee, whose frankness the press finds very gratifying.

Mr. Harriman's office is the same panelled room used by Henry Wallace, Jesse Jones, Harry Hopkins and others. The white-enameled telephone which connects directly with the White House is still there on a small table. Large stuffed leather chairs, both red and brown, a fireplace and blue carpets are calculated to put the Secretary's individual callers at ease.

In the State Department's new building press conferences are held in a small and very comfortable theatre; a facility appreciated by the dozens who attend. At the foot of the center aisle Acting Secretary Lovett, a tall and friendly figure, flanked by his public relations officers, dispenses the Department's announcements and anxieties; and in answering questions from the floor frequently addresses the questioners by name,—surname, that is, and preceded by "Mr.," of course, for after all this is the Department of State.

Why Currency Reforms Fail

We have witnessed in this postwar period in Europe several national attempts at currency reform, but with

varying degrees of success or lack of success. In a number of cases the replacement of an inflated unit by a new currency has provided only a temporary solution. The Paris report on Europe's economic needs in part calls for currency stabilization following any necessary devaluations. This raises the question of whether the failures alluded to above have been merely cases of "too little and too late," or whether other considerations have played a part.

According to one view which the writer has come across in Washington, currency reforms and related fiscal measures have reduced or eliminated idle balances forming potential rather than actual sources of inflation and therefore not really closing the inflation gap. Unless confidence is restored, such measures fail to hold wages and prices steady. The underlying tendency is for businessmen and individuals in a country where there has been a currency reform to re-establish the accustomed level of cash holdings, together with the great reluctance of the authorities to resist that tendency. Also, reform has been weakened by government expenditure of funds acquired by taxing blocked balances.

You just can't get around human nature.

Sterling and Franc

While the world's economic weakness is conveniently summed up in the phrase "shortage of dollars," which somehow seems to imply that the troubles can all be remedied from this end, the fact is that the U. S. alone cannot perform such a miracle. The sad state of the franc and the pound, among many other currencies, indicates economic and political diseases calling for what physicians describe as the will to live. Sterling's relapse into inconvertibility vis-à-vis hard currencies, with its far-reaching repercussions on world trade, reflects a lack of confidence by outsiders in Britain's management of its economy. The "temporary" suspension of convertibility in August may prove to be as short-lived as the "temporary" suspension of the gold standard in 1931.

France, while drawing on the World Fund and all possible

other sources, grimly maintains the franc at an official parity left high and dry by the currency's receding purchasing power at home, so that France cannot export. Washington seems to be perpetually confronted with an endless series of French crises. Under such conditions world business comes to depend ever more on decisions reached around some mahogany table in Washington.

Japan, Too, Is Dollar-Hungry

The postwar dollar shortage threatens to circle the globe more or less indefinitely, like the dust spewed into the stratosphere by Krakatoa, the Indies volcano in 1883. General MacArthur had the idea that an Anglo-American bank-syndicate loan would enable Japan to finance needed imports until the income from exports should come in. But Japanese business operating under the policy of "limited private trade" thus far has been able to sell very little goods for dollars. Most of Japan's customers are of the soft-currency variety, with consequences you can imagine.

It wouldn't be quite so hard a problem, were Japan free to buy Indian raw cotton as before the war; but the press reports American cotton exporters as insisting that Japan supply its raw cotton needs in India to no greater extent than 28 percent. If this keeps up, we taxpayers will simply have to continue footing the bill for Japan's upkeep. And if it doesn't keep up, it will mean that American exporters will have a bit more competition some day.

The South African Plan

The South African Financial News, Johannesburg, is sponsoring a "plan for world monetary salvation" embodying international control of the world's undug gold resources and their use as a backing for world currencies. The journal cites the last report of the World Fund as proof of the inadequacy of the world's monetary gold stocks and of the Bretton Woods institutions' inability "to cope with the present impasse." The plan's authors see as the most crippling defect of the Bretton Woods institutions that they

"are mere instruments of policy in the hands of the major contracting powers . . . in the great power game of international politics . . . frustrating the very aims they seek to promote."

So the South African planners would create, initially within the British commonwealth, an international authority controlling proved gold areas. Secondly, they would create a World Gold Loans Credit Bank "to replace the authority now existing under the BW arrangement which is considered subservient to American policy." Thirdly, a new special body would incorporate the World Fund, which "would then take a lien on all the undug gold resources in the world." Within the British Commonwealth a "Commonwealth Bank" with note-issuing powers would be a "super state reserve bank" for the whole sterling area.

After all, the plan's sponsors state, "the Bank of England was founded on a hypothetical gold backing contained in a mythical Spanish galleon in the brain of an ex-Scottish pirate named William Paterson."

Fund and Bank Meeting

In September at the London Fund and Bank meeting, two general press conferences were held jointly by Camille Gutt and John McCloy, with Hugh Dalton officiating. In attendance was the Bank's director of public relations, who, with two aides, had come from Washington for the occasion. According to the transcripts, some of the British reporters evidenced disappointment that so many of the world's finance ministers and central bankers had come together in the midst of a European crisis only to hold a routine meeting and without doing something substantial then and there to help solve that crisis. Messrs. Gutt and McCloy sought to explain.

Mr. Gutt took the opportunity to correct certain errors he had noted in the British press. The Fund had just made \$60,000,000 available to the UK, a fact which Mr. Dalton admitted he had "let out of the bag," presumably

(CONTINUED ON PAGE 124)

Reporters pick up copies of President Truman's statements on food and the Marshall aid plan from a table in the White House lobby immediately following the President's news conference

PRESS ASSOCIATION



The European Shopping List

The following article, like that beginning on page 36, was prepared by BANKING's Washington foreign affairs correspondent, HERBERT BRATTER.

THIS country today is pondering a difficult decision: What to do about Europe? The billions of economic help we have given the world since VJ-Day have not done the job. Our \$4.4 billion for the rescue of Britain postponed but did not solve the problem of getting that country back on its feet. France, which since VJ-Day has received \$344 million in Lend-Lease, \$1,200 million in U. S. Government loans and credits, and directly and indirectly other large sums of American aid, is in as great a crisis as ever and, with its large leftist element, gives no assurance that the further requests it has lodged with us will do any more than buy a little time. Italy, land of large families, depends on Uncle Sam to fill its many mouths, with no plan for self-support in sight. Greece, Turkey, Denmark, Norway, Holland, Germany, Austria—the list is long of those present in spirit when the congressional appropriations committees sit down to allocate our national fisc.

Fond Hopes

We thought once that the Bretton Woods program, the enlarged Export-Import Bank, UNRRA and other measures would bridge the gap between war and reconstruction. But the maw of the world's needs yawns wider than ever, and what Europe alone requests for the next four years dwarfs all our previous efforts. Those "requirements," drawn up at Paris in response to the invitation of Secretary of State Marshall, were examined in Washington.

The Paris report of the Committee of European Economic Cooperation, composed of 16 governments, lists Europe's requirements of help from this hemisphere for 1948-1951 at more than 20 billion. The precise figure cannot be stated, for the requests are listed in kind and the prices are based upon a variety of assumptions, some of very questionable validity or reliability. Since it is apparent that the Congress will require some months to probe and weigh the European request, and since, due to poor crops and the political separation of Western Europe from the Eastern European breadbasket, the spectre of winter hunger stalks the scene, the Administration has decided to meet part of the world's immediate dollar shortage by the domestic program to save grains and reduce speculation. The goal of this particular post-UNRRA effort by the United States is to deliver to Europe 570,000,000 bushels of grain.

Invitation and Challenge

Secretary Marshall's June 5 speech was an open invitation to all Europe to collaborate in reconstruction. In part, it was an effort to heal the Russo-American political schism, which has disrupted not only Europe but the whole world. But when Molotov, having ascertained that American economic aid was not available for the type of abuses which characterized the administration of UNRRA, walked out of the Paris conference, the division of one world into two halves

Statement to BANKING by Secretary Snyder

In a statement for BANKING, Secretary of the Treasury John W. Snyder had this to say about his recent visit to Europe:

I consider that the second annual meeting of the boards of governors of the International Bank and the International Monetary Fund was highly successful from the viewpoint of the official business transacted at the meetings, and also from the viewpoint of the benefits I derived from renewing personal contact with the representatives of the other member countries and from exchanging with them views and information concerning problems of mutual concern.

As a result of the talks I had with many British people, both in and out of the Government, I am convinced that the British people, united in a common effort, will surmount their present difficulties, and I think there is growing indication that these people are actually uniting to make the common effort required of them.

In Paris, I spent many hours discussing French economic conditions and the economic prospects of Europe as a whole with President Auriol, Premier Ramadier, Finance Minister Schuman, and other officials of the French Government.

In response to an invitation from General Clay, I went to Berlin where I had the benefit of detailed discussion with General Clay and members of his staff concerning crucial problems which must be solved if German production is to be expanded both for the benefit of Europe and the improvement of economic life in Germany.

In general, the task confronting Western Europe today is complicated and difficult, but I think that some progress has been made. Economic progress can be contagious, and I believe that the people of Western Europe, with continued courage, unity of effort, and hard work can face the future with real confidence.



When Europe sat down at our breakfast table, some heroic measures had to be taken. Among these was appointment of a Citizens Food Committee under Charles Luckman, head of Lever Brothers, who is shown above, seated at the President's left, with the Cabinet Food Committee, including Secretary Harriman, seated at the President's right, and, standing, left to right, Under Secretary of State Lovett, Under-Secretary of Agriculture Dodd and Presidential Assistant Steelman



PRESS ASSOCIATION PHOTOS

Employees of the United Nations at Lake Success, New York, have been asked to cooperate in President Truman's program for the conservation of food. In the photograph above, a secretary attached to the India delegation reads the UN cafeteria signs which say, in two languages: "Help conserve food. (Aidez a economiser la nourriture) Please take only one slice of bread . . . only one portion of butter." Meanwhile, the American people started meatless Tuesdays, chickenless, eggless Thursdays

became sharper than ever; and how the two parts can be peacefully rejoined no one now seems able to foretell. Thus the "Marshall Plan" has become very largely a plan for Western Europe—including Italy, Austria, Greece and Turkey in that convenient expression—and, in the view of the Kremlin and the "fourth international" at Belgrade, an anti-communist plan. Under that understanding many Americans will accept in principle the obligations foreshadowed in the Paris Report, which takes on aspects of a challenge.

The cost of a European reconstruction program such as was envisaged by the Paris Conference is great not only in dollars but in other sacrifices on our part. For one thing there is the inflationary effect on our economy of a heavy European demand piled on an unsatisfied domestic demand. Inflation is not merely an inconvenience or disturbance for the business world, with its unsettling effects on industrial relations; but it is a matter of hardship and injury to those among us who depend upon fixed incomes and have no way of adjusting our affairs. Inevitably, also, the burden of assuming Europe's deficits through the shipment of large quantities of goods, many of them scarce here and some which we must buy elsewhere for the purpose, will entail the partial revival of government allocations and other controls thrown off since the war. Our own processes of reconversion are delayed and reversed, and the prospect of less government planning and direction of business gives way to one of more official intervention in our lives.

Doubts Are Natural

These sacrifices the American public gives signs of being willing to endure, partly for the humanitarian sake of helping fellow-human beings in Europe, and partly in the belief that thereby will be prevented the advent of communist control of the Eastern shores of the Atlantic. Few here, however, cherish the hope that any conceivable amount of American help will cause existing European socialism to be replaced by greater private capitalism. In fact, experience with the

British loan and with the prolonged efforts of the State Department ever since the master Lend-Lease agreement to obtain world acceptance of our trade views causes many thinking Americans to wonder just what lasting benefits we can expect from the fulfilment of Europe's requests.

State Department Dilemma

¶ The state of American public confusion as to what it should do in turn makes difficult the task of the State Department in bringing its Paris-begotten child into actual existence. For, if the Government's propaganda attempts to convince the people that this time the promises will be achieved, few will believe it, while if the Department holds forth no promises other than that the program will buy time, the people will assume that they will only be faced with repeated requests for still more sacrifices later on and will wonder whether even this Marshall-Plan sacrifice is worth undertaking.

How Russia Helps

Certainly, on the economic side, the Paris Report gives the impression of a rather arbitrarily drawn marketing list, and is especially weak on the self-help side. Were it not for the political hostilities with Russia, it is very doubtful that the Congress would agree to any such expensive plan. Washington experts have found numerous flaws in the statistics furnished with the Paris Report, indicating considerable overstatement of needs, and a noticeable paucity of any real plans of the participating nations to pool their own resources. In Commerce Department press conferences it has been publicly revealed that the Paris Report, at least up to early October, lacked sufficient documentation for intelligent analysis. Yet, because of the political considerations and the inevitable slowness with which the Congress will handle the proposition, those studying the Paris Report for the Administration must publish at least tentative conclusions fairly soon.

(CONTINUED ON PAGE 131)

What To Do About Germany?

M. S. SZYMCAK

The author is a member of the Board of Governors of the Federal Reserve System. He was Chief of Trade and Commerce Branch and later Director of Economics Division of American Military Government in Germany from July 1946 to June 10, 1947.

THE process of remaking the economy of Western Germany as part of the postwar world has entered its third stage. The first, under the directive to General Eisenhower of April 1945, aimed merely at preventing disease and unrest in the occupied territory. The second, under the bizonal agreement of December 1946, concentrated upon the common efforts of the United States and the United Kingdom to make the zones of occupation economically self-supporting. The third, inaugurated by the directive to General Clay of July 1947, contemplates the reconstruction of German industry, not primarily for Germany's sake but as part of our over-all endeavor for economic stability in all of Europe.

In this connection, new definitions of the upper limits of permissible German industrial production have become necessary. The level-of-industry plan accepted by the four occupying powers in the Spring of 1946 greatly underrated the minimum needs of Germany and failed to take into consideration the importance for other European nations of heavy industrial exports from Germany. Experience has shown that Germany cannot be supplanted as a source of coal, steel and machinery for the rest of Europe. The limits of heavy industrial production in the combined US-UK zones of occupation therefore had to be raised substantially over and above the level considered feasible in the Spring of 1946.

This does not mean that German heavy industry would be permitted to expand as much as in the interwar period. Large parts of that industry served mainly military purposes and were overdeveloped from a purely economic point of view. All such plants will be dismantled and distributed as reparations in strict accordance with the Potsdam Agreement. Germany thus will not be able again to threaten the security of its neighbors by overwhelming industrial strength. For instance, in 1938 the area of the present US-UK zones produced 17.8 million tons of crude steel, representing almost 40 percent of the steel production of all western Europe. In 1951, the bizonal area is expected to produce 10 million tons, or only 18 percent of the production of western Europe at that time. While its steel output was three times as large as the French in 1938, it will be smaller by one-fifth than the French in 1951.

German Recovery Need Is Recognized

Germany's neighbors fully understand the importance of the rehabilitation of German industry for their own recovery. The *General Report* of the Committee of European



Mr. Szymczak at his desk in Berlin before his return to the United States to resume his duties on the Federal Reserve Board

Economic Cooperation states expressly that the lack of German exports, especially of coal and steel, was an essential element in retarding the reconstruction of western Europe. It underlines the necessity of expanding German production, not only of these materials but also of finished industrial goods. It comes to the conclusion that western Germany, like the rest of western Europe, should be given outside help in order to achieve the full production of commodities that are needed in Europe.

All the measures recently undertaken by the occupying powers in the bizonal area aim at implementing the reintegration of Germany into the framework of the European economy. The new agreement on the organization of Ruhr coal production, which gives the United States an equal voice in the supervision of the most important mining district of continental Europe, is particularly important in this respect: Ruhr coal always has been the basis of most of western Europe's heavy industry, and the decline in the coal production of the bizonal area (including both hard coal and lignite), from 206 million tons in 1938 to 133 million in 1946, probably was the most important single bottleneck of European industrial rehabilitation. Improved management of the Ruhr mines will thus benefit the rest of Europe as much as Germany and the occupying powers.

The recent reorganization of the economic administration of the bizonal area, which gives the German authorities a wide scope of action and reserves to the occupying powers mainly the right of over-all direction and control, also introduces greater flexibility into the economy so as to facilitate the fundamental changes which the area must undergo in order to play its new role. At the same time it attempts to establish the necessary political prerequisites for economic rehabilitation, which—in accordance with the Anglo-American concept of democracy—must be based upon the decisions of the German people itself rather than upon mere decrees of the occupying powers. Finally, by simplifying the foreign trade control mechanism, it removes some obstacles

(CONTINUED ON PAGE 122)

Gold Ahead?

ON THIS page an American and a Canadian economist present their answers to **BANKING's** request for their opinions as to evidences of a trend back to a gold standard and the desirability of a return to gold as a means of facilitating world recovery.

Professor James Washington Bell of the Economics Department, Northwestern University, Evanston, Illinois, sees a "growing aversion to inept central controls and a conviction that only the gold standard will reestablish confidence in systems now in danger of excessive paper money issues with accompanying threats of inflation." Conditions favorable to the gold standard's operation must recur, he says, "if any significant recovery in world trade is to materialize."

W. T. G. Hackett, economic adviser to the Bank of Montreal, on the other hand, can see "no tangible evidence of a trend back to the gold standard." Also, he believes that "an effort to restore such a standard under existing and immediately prospective conditions would prove to be an ineffective attempt to give an outward semblance of balance to an essentially unbalanced situation."

Here is Professor Bell's comment:

"Provisions for the stabilization of currencies of the members of the International Monetary Fund as well as the recommendations found in the Report of the Committee on European Economic Cooperation are indications that the gold standard is not dead. In some circles it is still fashionable to consider the gold standard outmoded, though fewer people now speak of it as a 'relic of barbarism.' The return to a gold *coin* standard does not have much support, but some form of a modified gold *bullion* standard may well grow out of the present international monetary turmoil.

"Some flexibility of both exchange rates and price levels is obtainable under a managed gold standard while still subjecting the countries' currencies to the operation of semi-automatic correctives. No more practicable plans have been proposed to facilitate the stabilization of wild currencies than those involving gold standards.

"Even with regard to domestic monetary reform, restoration of a modernized gold standard is becoming more respected as we grow conscious of the mistakes of the past 15 years. Many critics of the domestic monetary policies of the 1930's find in the gold standard a way to avoid the possible recurrence of over-hasty and ill-advised experimentation dictated by economic and political expediency. In effect we are on a gold standard in the United States today, since certain emergency powers to change the price of gold have not been used. Nevertheless, our statutes should be cleared of all authority to alter the weight of our dollar price for gold. This would assure our people at home and those abroad that our gold standard unit would not again be altered.

"There is a growing aversion to inept central controls and a conviction that only the gold standard will reestablish confidence in systems now in danger of excessive paper money issues with accompanying threats of inflation. To those who point to the breakdown of the gold standard system during World War I and in the 1930's, calling it a 'fair weather system,' the answer is that conditions favorable to the operation of the gold standard are likely to recur, in fact must recur, if any significant recovery in world trade is to materialize.

"These conditions involve the adoption of some form of gold standard by key countries, adequate gold reserves, a reasonable degree of free trade, a bearable burden of international indebtedness, some flexibility of internal prices and costs, and political stability."

THIS is the text of Mr. Hackett's answer:

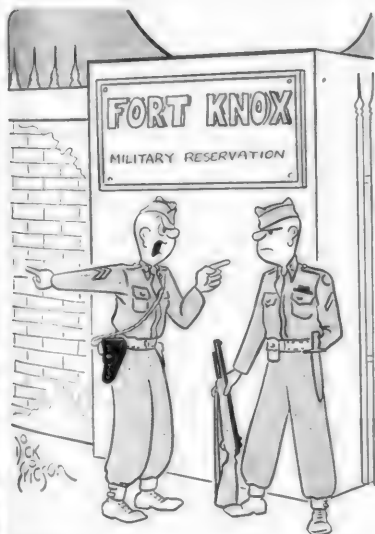
"Before offering any comment it may be well to define terms.

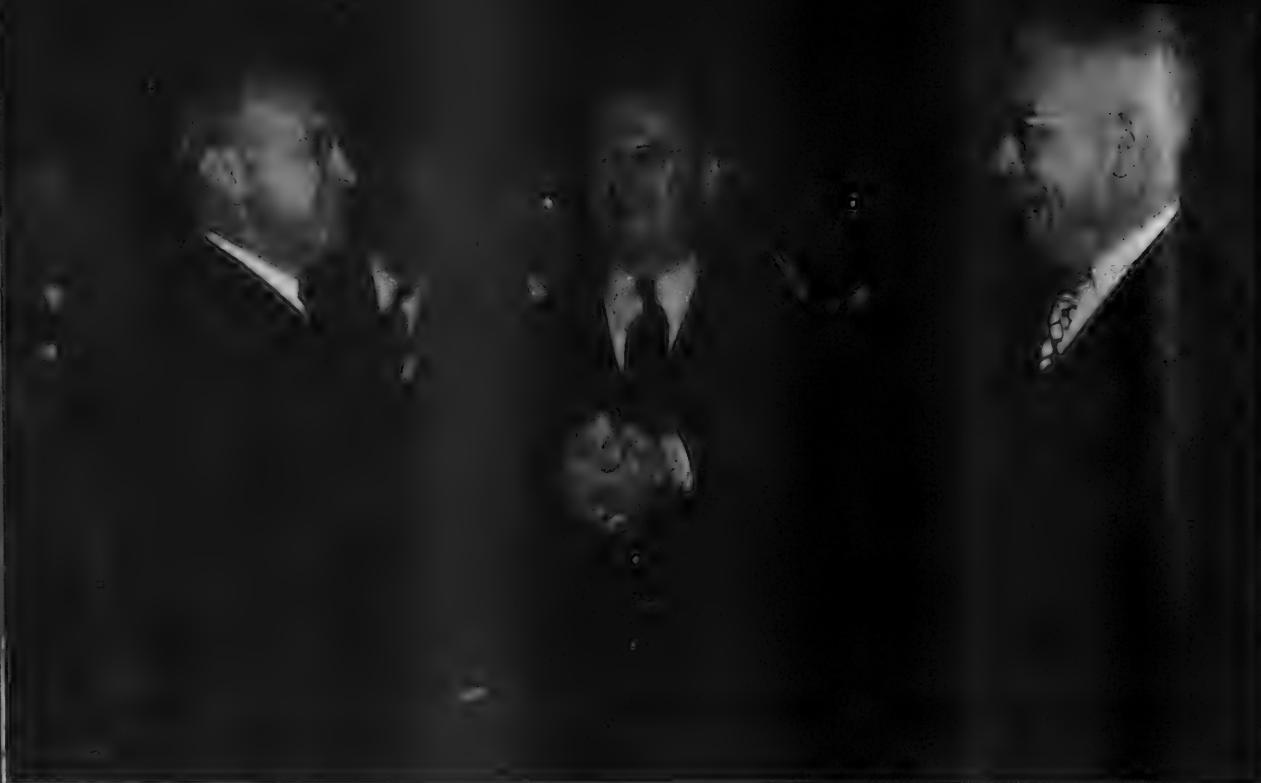
"As you know, 'the gold standard' in theory and practice admits of various definitions. My reply is based on the assumption that the minimum requirements of a functioning gold standard system would be an undertaking on the part of member nations to fix the exchange values of their currencies in terms of gold and to buy and sell gold at the prices so determined. I would assume also that in each member nation the amount of money outstanding would in some way be related to the size of the monetary gold stock and that significant additions to or subtractions from that stock would be permitted to influence the credit structure and through it, the money supply.

"On the basis of the foregoing definition, my reply would be, first, that I can see no tangible evidence of a trend back to the gold standard and, secondly, that an effort to restore such a standard under existing and immediately prospective conditions would prove to be an ineffective attempt to give an outward semblance of stability to an essentially unbalanced situation.

"An immediate difficulty would, of course, be to recruit a group of countries which, severally, would regard their present stocks of gold as large enough to provide a working capital of the yellow metal necessary to make adherence to an international gold standard a practical possibility. It would certainly seem to be unrealistic to expect that nations now experiencing major difficulties in balancing their international accounts would be willing to divert the proceeds of their exports to the acquisition of gold rather than

(CONTINUED ON PAGE 104)





PHOTOS BY CENTRAL STUDIOS

President Dodge (*left*) takes over from ex-President Bailey (*right*). Center, Vice-president Woollen

The Convention of 1947

Serious Foreign and Domestic Questions Claim Banking Spotlight This Coming Year

WITH the induction of Joseph M. Dodge of Detroit as president of the American Bankers Association, an organization year fraught with great importance to the bankers of this country gets under way. Looming large in the minds of all who attended the 73rd Annual Convention in Atlantic City, September 28-October 1, were the twin questions of how much aid foreign nations would require and how much help this country would be able to render without impairing our own economy.

One important sidelight on this question was voiced by C. W. Bailey, retiring president, in his remarks to the convention.

"The ability of the American people," he said, "to cooperate for the general good and for mutual improvement is one of the wonders of the world. It often amazes visitors from abroad when they see businessmen attending conventions, conferences or meetings to discuss common interests and to exchange information even on what they would regard as trade secrets. Go where you will throughout the world and you will find nothing comparable to our custom of getting together to exchange experiences and to listen to representative leaders in business or the professions tell about new developments.

"This feeling for cooperative effort is so deeply ingrained

in our national character that it is hard for the average American to understand why the representatives of all nations cannot sit down at a conference table and work out satisfactory plans which will in reality bring peace to the world."

In the speeches and discussions by the convention and the various Divisions, Commissions and Committees, several dominant themes appeared. These included questions relating to the management of our own government debt, prices and inflation generally, government competition with private industry, consumer and home financing, agricultural credit, service to veterans, and the trend toward nationalization here and abroad.

About 4,000 bankers were registered for the Atlantic City meeting and, judging by the attendance, interest in all of the programs was unusually great.

Space permits us to present here excerpts from the four speeches at the principal sessions.

C. W. BAILEY, PRESIDENT, AMERICAN BANKERS ASSOCIATION, 1946-1947

People everywhere are seeking for the happiness that comes through security. They want employment which will provide their families with comfortable homes, adequate food and clothing, and educational oppor-

tunities, all of which we in America accept as commonplace essentials. The people of the world look toward us for help because through this cooperation which we employ, our farms and factories are productive; because we are producers; and because the American dollar is the trusted medium of exchange for fixing values and conducting business in every part of the world.

As bankers we share with other Americans in the responsibility for providing material help and leadership in the task of world rehabilitation. While our banks do not produce food or manufactured products, our services are essential to the creation and carrying on of all productive enterprises.

In our business of banking, we have applied the American custom of cooperating by our participation in activities of the American Bankers Association, the state bankers associations, and local banking groups.

In the years ahead, the public attitude toward banks may be determined by the soundness of our operations in the instalment credit field. Today we are the largest lenders in this field, with more than 12,000 banks located in every section of the country holding approximately two-and-one-half billion dollars of the five billion dollars in consumer credit outstanding.

The social significance of consumer credit transcends all other factors in importance. Consumer credit, wisely and intelligently used, is a constructive economic force and is beneficial socially. However, we as bankers know that credit creates debt and that if consumer credit is abused, it will be most unfortunate from an economic standpoint and a tragedy socially.

We believe that our banks are rendering an outstanding public service in the field of consumer instalment credit because we are applying knowledge gained from long experience in making these loans to present day conditions.

We are determined that excessive debt should not be made attractive and merchandised in easy payments. The days of a dollar down and a dollar a week shall not return.

WINTHROP W. ALDRICH, CHAIRMAN OF THE BOARD,
CHASE NATIONAL BANK, NEW YORK

It is my judgment that our security as a nation depends in large measure upon the prompt and successful economic reconstruction of Western Europe. Tragically enough, the world today is not one world, but two worlds—engaged in economic and diplomatic conflict. During the two years which have elapsed since the cessation of hostilities we have been unable to make peace with Germany and Austria, and Europe remains divided into two separate economic areas by the iron curtain erected by Russia and her satellite nations. Failure to give assistance to the nations of Western Europe now would result inevitably in their economic collapse and this, in turn, would lead to the fall of present governments. The danger then would be that the democracies which still exist in Western Europe would be replaced by dictatorships of the left or the right. Totalitarianism, whether brown, black or red, is hostile to our deepest national and moral convictions. We should do everything that lies within our power to preserve those nations which share with us the traditions of individual liberty and the rights of man.

Many obstacles have conspired to impede full recovery. Among these obstacles first and foremost has been the division of Europe into two antagonistic camps and our inability to make peace. Then there has been the continued economic paralysis of Germany, the persistent and unchecked inflationary pressures, the economic controls associated with planning, and the unexpected drain on the British balance-of-payments.

It was against this background of incomplete recovery in Western Europe and rapid exhaustion of dollar resources and credits that Secretary Marshall made his address at Harvard University on June 5, 1947.

In its constructive approach to the urgent economic problems of Western Europe, Secretary Marshall's address embodies the highest qualities of statesmanship. It provides a basis for close economic cooperation among the nations of Western Europe and for an integration of their resources and enterprise in achieving the common goal of economic survival. Their own vigorous participation is laid down as a condition for further American aid.

I believe that the time has now come for establishing a government corporation to be known, perhaps, as the United States Corporation for European Reconstruction. The purpose of such a corporation would be that of extending and supervising the additional aid extended to Western European nations; in short, it would be the agency through which we should carry out Secretary Marshall's proposals. If it were established in the near future, it could administer the relief appropriations required to carry Europe through this coming Winter as well as the appropriations concerned with longer range reconstruction needs.

The Best Investment

YOUR membership in this Association is the best investment of your bank. Its value grows from your personal contributions to it, in terms of the right direction of banking as a business. The more thought, work and cooperation each of you puts into it, the greater its value becomes.

Our principal tools are the combined experience, knowledge, abilities, enthusiasm and belief in the sound principles of our membership. There are no limits to these and, with their full power devoted to sound and constructive banking, we can move forward, in the future as we have in the past, without fear and without favor.

PRESIDENT DODGE

The board of directors of such a corporation should be completely non-partisan in character and might consist of five persons of expert competency appointed by the President of the United States with the advice and consent of the Senate. In the development of its policies, which would have to be flexible in character and adapted to changing requirements, the corporation would quite naturally give consideration to the effect of its own program on the American economy. The program itself should be viewed as a four-year project, with the amount of assistance extended declining over the period.

Insofar as possible, the corporation should endeavor to encourage direct investment by American firms and corporations in the plants and industrial equipment of Western Europe. Direct investment, the "partnership basis of private capital," will, I am sure, take place on a substantial scale if the investment of such American funds is given non-discriminatory treatment and adequate safeguard by foreign law and, above all, if the American investor is convinced that there is a reasonable prospect of continued world political stability and security over a long period of time. In the long run direct private investments will make the maximum contribution to European recovery and reconstruction with minimum expenditure, accompanied as they are by the managerial skill and "know-how" of American business.

A. LEE M. WIGGINS, UNDER-SECRETARY OF THE TREASURY

Today our major economic problem at home is to make sure the dollar size of the economy does not further outrun its physical size. In solving this problem, we are confronted with major difficulties both on the side of supply and on the side of demand.

The situation calls for restraint on the part of government, consumers, business, and labor—restraint in spending, restraint in pricing policies, restraint in wage demands, restraint in tax policies. If we will exercise this restraint, the present combination of factors can result in a long continuing period of prosperity; if we do not, it can result only in further inflation.

Our resources are not unlimited. We would be foolish to tear down and give away our own house through generous impulses. We must remain strong, because not only is our continuing strength necessary to preserve this Nation, but a strong America is the best hope of the world. We must find proper balance between the head and the heart.

We must be as generous as long-term self-interest will permit. This means that we must share our production of the necessities for maintaining life with many peoples throughout the world until they are able to survive through their own production. America has never turned a deaf ear to hunger and cold and disaster. This does not mean that we should accept the responsibility of working out their problems, but we have a clear duty to provide food and fuel to prevent starvation and death. To many nations that do not have current means with which to



Mr. Aldrich

repay, we must also provide productive equipment and loans with which to pay for such equipment. Such loans, being for productive purposes, could and should be on a sound and solid basis. Generosity and loans need not be mixed. There is a limit to what we may be able to give, but the limits of loans for productive enterprise can be multiplied through government and by private capital. There is immediate and urgent need in both fields, and prompt action is necessary if some nations are to avoid the twilight of disintegration.

In achieving a sound, continuing economy, the financial policies of government will play an important part. In particular, this means the management of the public debt, the size and character of the government budget, and the policy of taxation followed.

I am convinced that the Federal Government and the Federal Reserve System, with their high degree of cooperation, not only have the essential powers but the machinery and the know-how for the sound management of the public debt under any conditions that may arise. So long as the public debt remains at high levels, these powers should and must be exercised. They should be exercised to permit, so far as possible, a degree of freedom in the money markets and in the investment markets. However, the major consideration must be the effect of such management on the economy of the nation as a whole.

There are times and conditions under which government expenditures should be made to conform to a pre-determined level of revenue, but in the present state of world affairs, we are confronted with the practical necessity of measuring the requirements in terms of the national interest and providing the revenues to meet those requirements.

This leads to a consideration of taxes. Any tax program must start from the budgetary requirements of government. Assuming a balanced budget, the cost of government must be provided through current taxes. The second consideration is a surplus to be used to retire the public debt. What the amount of this debt retirement should be will vary under different conditions and become a matter of judgment. It would seem to me proper to use a relatively simple formula: That in times of a high level of income, and particularly in times of inflationary pressures, larger payments should be made on the debt. Under adverse conditions, little, if any, can be paid.

CHESTER C. DAVIS, PRESIDENT,
FEDERAL RESERVE BANK OF ST. LOUIS

There is every evidence that the American banking system is in the strongest position in its history to finance the sound credit needs of agriculture, business and industry.

The banking system has rendered greater service to agriculture than the public realizes.

Times change, and the business of banking must change, too, to keep up with them. There is little in the future picture to lead one to believe that bank resources will not remain high, and that banks will not



Under-Secretary Wiggins

continue to be in excellent financial position to serve the sound credit needs of the nation. That includes the farmer, too. To serve him, country bankers, and their city big brothers, too, need to know that end of their job. Reliable farmers are entitled to credit for productive purposes, credit that is tailored to fit their peculiar needs. Banks have the best opportunity to serve that need directly.

The local banker controls most of the financial pipelines in his community. He has its deposited funds at his disposal. Two general courses are open to him. He may concentrate his investments in low-risk, low-yield outside securities. This is the easy way. For a time it may provide sufficient income to satisfy the bank's needs. But it will not set the banker up as a useful citizen or the bank as a source of full public service in the community.

On the other hand, he may carefully direct excess local capital first into investments that build and encourage the sound economic development of the community. This means sound loans to farmers and local business to create greater efficiency and rising community income.

RESOLUTIONS

Indicating the breadth of the field covered by the 1947 convention program and by the speakers who appeared are the following resolutions which were adopted. They were prepared under the chairmanship of Fred I. Kent.

GOVERNMENT DEBT AND GOVERNMENT SPENDING

The huge debt of our Government is a mortgage on the country's wealth and income and must be reduced. The key to debt retirement is a cut in government spending.

The expenditures of government during war must of necessity be wasteful because in war the saving of time and the speeding of victory are more important than the saving of money. When war is over, the opposite condition prevails, and the saving of the wealth of the people is essential to help check inflation and to reestablish the incentives required for the continued growth of our democratic civilization with its reliance on that personal freedom and vigorous enterprise which have in the past been the source of the highest standard of living in the world.

The welfare of the people of our country today, therefore, demands that government expenditures be reduced substantially below present levels. This is especially true since our country is confronted with the necessity, in the interest of world peace and common humanity, of making certain appropriations to prevent economic collapse in a number of nations.

However, with economy at home, such aid as may be essential, if limited in amount and properly directed and controlled, should not overburden our government financially. With judgment and restraint this country should be able to give reasonable aid to other countries,

to effect a substantial reduction of the public debt, and at the same time to make some further readjustment of the wartime tax burden at those points where it creates the greatest inequities and places the greatest handicap on the incentive of the people to work, and save, and create better living conditions.

GOVERNMENT LENDING

During the emergencies of the depression and the war, a number of new methods were employed to finance business, including direct lending by the Government, and government guaranty of loans. With the coming of peace and a return to more normal conditions, these special financing methods need reconsideration because they present several serious dangers.

Loans and loan guarantees by governmental and semi-governmental agencies are in reality subsidies favoring certain groups of borrowers. They impose a further burden on the taxpayers at a time when the Government's budget must be drastically reduced and they encourage unsound and inflationary lending.

In the interest of the national economy, this Association continues to oppose further extension of governmental or semi-governmental lending or guaranty of loans and favors a drastic reduction of the Government's wartime and emergency powers.

The country's banking system and other private credit agencies have the resources, the know-how, and the will to supply to business, large and small, the credit it requires and should have.

BANK LENDING POLICIES

At a time like the present, the banks of the country have a special responsibility in view of the inflationary trend.

Their sound lending to the extent that it encourages production is anti-inflationary.

At the same time, there is need for caution regarding loans that might be used for excessive and speculative inventory accumulation, for over-spending by individuals, or for over-expansion of business. Such loans stimulate inflation and involve abnormal risks for both banks and borrowers.

HOUSING AND HOME FINANCING

Government statistics on mortgage lending show that banks are leaders in the home financing field.

During the past two years, despite the difficulties in the way of producing an adequate supply of housing due to rising costs and shortages of labor and materials, the banks have furnished mortgage funds for construction and for home ownership in large amounts and for the longest terms and at the lowest rates in the history of the nation.

The housing problem stems from shortages in supply and increased costs of materials and labor and not from lack of available financing. The solution of this problem is primarily the responsibility of private enterprise. The American Bankers Association expresses its desire to cooperate with government, labor, and the home construction industry in the solution of the housing problem to the end that improved methods of providing houses at prices and at rentals within the capacity of the public to pay may be developed.

AGRICULTURE

Recognizing that the production of ample food is basic to all efforts at World Reconstruction, the American Bankers Association has conducted a program to encourage country bankers in the extension of sound credit to farmers engaged in this vital work. On the other hand, the Association has urged its members to scrutinize carefully all applications for loans for the purchase of farm land. The high income now enjoyed by farmers as a result of the inflationary prices received for their products can lead to a deceptive idea about the value of farm real estate.

The country banker holds a position of leadership in his community and has an unusual opportunity today to aid in bringing about an understanding among farmers of the policies and action necessary to meet the critical world food shortage.

From a longer range point of view, this Association appreciates the need for national, state, and local programs of soil conservation, flood control, and timber preservation.

SAVINGS BONDS

Bankers have recognized that the widespread sale of United States Savings Bonds throughout our population is one of the best methods of checking inflationary influences at the source, of reducing the Government's floating debt, and increasing the number of interested shareholders in the United States Government. Bankers have, therefore, been active in promoting the sale of Savings Bonds.

We recommend a vigorous continuance of this activity in the interest of those who buy the bonds and the national welfare.

BANK MANAGEMENT

Under the American System, management has been an important factor in raising our standard of living above that of any other country. The American Bankers Association, through its educational activities—The Graduate School of Banking and the management training courses of the American Institute of Banking—has made and is making a material contribution to bank management. With a view toward serving the nation more effectively, the membership is urged to take full advantage of these unusual facilities at its disposal.

VETERANS

The financial problems of the veterans of World War II have been made a first consideration by the bankers of America. A committee of the Association has been continuously and vigorously in action since 1943.

American bankers throughout the country have made loans to veterans, have discussed and advised with them concerning the use of such loans for housing, to go into business, or for other purposes. They have undertaken the training of veterans in banking. They will continue their friendly interest and help.

INFLATION

The whole country is today concerned with the rise in the cost of living and is exploring the causes and possible remedies.

There are many non-monetary causes of the price rise such as the short corn crop here, poor crops abroad, government subsidies, and those increases in wages which have exceeded increases in productivity. But back of the whole trend lies the wartime inflation of money—the usual and almost unavoidable product of war finance. The amount of money accumulated and that now flowing into the hands of the people for spending is greater than even our very large production of goods. There are only three ways of reaching into the basic causes to remedy this situation:

(1) To reduce and avoid adding to the volume of money. This points directly to government fiscal policy and calls for government economy, a better than balanced budget, and a retirement of debt.

(2) To increase production of all sorts to supply goods that the people may buy with their money.

(3) For the people as a whole to spend less and to save more. This cannot be done in this country at this time by rationing or price ceilings or police methods but only by the free cooperation and good sense of a democratic people. Self-restraint is today notably imperative in food, and the Government has already initiated a program of public education in this field. We believe the bankers of the country each in his own community can and will give leadership to this program.

Mr. Bailey





Mr. Davis

NATIONALIZATION

Nationalization or socialization of industry has been increasing, particularly in Europe, very rapidly since the war and it has now become possible to observe some of the results. In many countries nationalized businesses have generally lost efficiency, existing production requires relatively larger numbers of workers, their output has slowed down, and their operating figures in many instances have changed from black to red. The workers in those industries have learned that under bureaucratic administration, they have lost rather than gained freedom and that there is no substitute for work. Management has been hampered by endless committees and political interference.

In this same period the United States with its capitalist, enterprise economy has outstripped every other nation in speed of recovery, growth in production, and increase in well-being of the people.

This evidence reaffirms the principles on which our American civilization rests, the freedom of the individual to plan his life and activities, to originate and go forward with enterprise. It proves again that the will and imagination and judgment of the many is a sounder foundation than the arbitrary decisions of the bureaucracy of a paternalistic government.

In the face of this record we as bankers and citizens shall do well to scrutinize with care every proposal which projects our Government into new fields, or retains its control in areas invaded as wartime measures. It is all too easy to ask the Government to solve our problems! This is a dangerous highway to travel.

FOREIGN POLICY

Our America is representative of all the nations of the world. It is interested in the welfare of all peoples and today its position in world affairs is critically central. Its foreign policy must be the most enlightened that human ingenuity and imagination can provide. It must be free from political bias, commercial greed, or destructive ideologies. It must be based upon intelligence, fairness and goodwill.

In this period of great emergency, the duty and responsibility of the United States to help strengthen the international economy is very great. However, if this country is to fulfill this obligation, it cannot afford to waste its energy or its resources or undermine its own strength at a time when the whole world is in the throes of inflation. It can help needy nations to help themselves, but it is not justified in lending other countries sums in such form or manner that they will be wasted or ineffective.

It cannot maintain its own strength nor can it aid the world unless it confines its efforts to those countries whose governments seek peace and are willing to adopt economic and financial policies which encourage their people to work and give their people freedom in enterprise and freedom in living.

APPRECIATION AND ACKNOWLEDGMENTS

The American Bankers Association, having at this time completed its 73rd annual convention, does hereby acknowledge its esteem and affection for C. W. Bailey, its retiring president. During his administration, he has been an inspiration to and a champion of the small banks of our country. He has also had to cope with national and international problems, all of which he has handled with ability, clear thinking and the graciousness of a real leader. The banks of the country have been fortunate in having the benefit of his leadership during these trying days of world recovery. The Association takes particular pride in expressing its gratitude and thanks to "Bill" Bailey for the unselfish and outstanding leadership which he has exhibited as president of this Association.

This Association is particularly fortunate in having the benefit of the advice, counsel and service of Joseph M. Dodge, as vice-president. During the year he has spent considerable time in Europe representing our Government. We look forward to his great leadership as president of this Association for the coming year.

Our treasurer, S. Albert Phillips, has served the Association faithfully and well during his term of office. We acknowledge with much appreciation the time and service which he has given as treasurer.

The members of the Association who have been in attendance at this convention have had the distinct privilege of listening to addresses by outstanding speakers. Not only has this been true in the general sessions of the convention, but it has likewise been true in all of the meetings of the divisions and sections. The inspiring messages which these speakers have delivered have been outstanding in their character and their imprint upon the members here in attendance will long be remembered. To all such speakers the Association expresses its earnest thanks and appreciation.

To those members of the various committees and commissions, and also the staff, we again express our appreciation for their loyalty and service in carrying on the activities of the Association.

The help and assistance which the New Jersey Bankers Association has rendered in making this convention an outstanding success is deeply appreciated. Atlantic City is known as the convention city of our country. To the officials of Atlantic City, the hotels, the press, and the citizens of this city, we are delighted to express our gratitude for their contribution and help in making this, the 73rd convention, another great assemblage for the members of this Association.

At convention-end, the Association's new treasurer was inducted. He is Frank P. Powers, president, Kanabec State Bank, Mora, Minn. Below, he is receiving the congratulations of President Dodge



VICE-PRESIDENT EVANS WOOLLEN, JR.

EVANS WOOLLEN, JR., president of the Fletcher Trust Company, Indianapolis, Indiana, who was elected vice-president of the Association, is a native of Indianapolis, Indiana.

Mr. Woollen was educated at Hotchkiss School and Yale University, receiving his A. B. degree from Yale in the class of 1920. During World War I, he served as second lieutenant in the 73rd Field Artillery. He started his business career in 1920 as a bank clerk, being identified with Fletcher Trust Company since that time. In 1935, he was elected president and a director of that bank. He was vice-president and director of the Fletcher Joint Stock Land Bank from 1935 to 1943. Since 1942 he has been vice-president of the Indianapolis Clearing House Association. He is a director of the State Life Insurance Company of Indianapolis.

In 1930, Mr. Woollen was appointed to the Indianapolis Board of Public Health and Charities. He was elected president in 1931 and served until 1933. From 1933 to 1935 he was Indianapolis City Controller. From 1938 to 1942 he was a member of the Indianapolis Board of School Commissioners, serving as president in 1941. He is a director and past president of the Indianapolis Community Fund. He is a trustee of the National Health and Welfare Retirement Fund, having been elected to the board in 1944.

In 1943, Mr. Woollen was elected to membership on the Executive Committee of the Trust Division of the American



Bankers Association and became chairman of the Committee in 1944. He was elected vice-president of the Trust Division in 1945, and served as president of the Division during the Association year just closed. He has been a member of the American Bankers Association Subcommittee on Federal Deposit Insurance Study since 1943.

Mr. Woollen is married and has three children. He makes his home near Indianapolis.

TREASURER FRANK P. POWERS

(Mr. Powers' picture appears on the opposite page)

FRANK P. POWERS is a native of Stillwater, Minnesota, but he attended the public schools of Mora, Minnesota. After the death of his father, he carried on the family farm until he entered the United States Army in the Summer of 1918.

Upon his discharge from the Army in 1919, he accepted the position as cashier of the Quamba State Bank, Quamba, Minnesota, a town seven miles from Mora. In 1922 he was elected president of the bank. In 1932 the bank was moved to Mora and the name was changed to the Kanabec State Bank. Mr. Powers has been its president ever since.

He helped organize and served in all of the chairs of the Five Counties Bankers Association, the counties being Kanabec, Isanti, Mille Lacs, Benton, and Sherburne. He served first as secretary and then as chairman. He was also secretary, vice-president and president, successively, of the Tenth District Bankers Association of Minnesota. In 1937-1938 he was vice-president of the Minnesota Bankers Association, and in 1938-1939, president.

Mr. Powers has taken a prominent part in the activities of the American Bankers Association; he was elected its vice-president for Minnesota in 1935 and served as a member of the Organization Committee in 1936 and 1937. In 1939 he was elected a member of the Executive Committee of the State Bank Division, becoming vice-president of the Division in 1941, and serving as president in 1942-1943. He was a

member of the A.B.A. Executive Council during 1941-1944 and served as a member of the nominating committee from Minnesota several times. He was a member of various committees and at present is a member of the Committee on Service for War Veterans, Consumer Credit Committee, and the Legislation Committee of the Executive Committee of the State Bank Division. He is a graduate of The Graduate School of Banking, conducted by the American Bankers Association, Class of 1947.

He is also active in business affairs outside of banking, being treasurer and director of the Farmers' Home Mutual Insurance Company and the Spring Vale Mutual Fire Insurance Company and vice-president of the Minnesota Association of Farmers Mutual Insurance Companies.

Mr. Powers has been active in civic and community affairs. During World War II he was chairman of the Kanabec County War Bond Committee, member of the Executive Committee of the Minnesota War Bond Committee, and chairman of the Kanabec County Red Cross Committee. At present he is president of the Mora Businessmen's Association and treasurer of the Mora Country Club. He has taken a keen interest in the veterans' welfare, has been very active in the American Legion, and served two terms as commander of Lee Goldsmith Post 201, Mora, Minnesota.

He is married and has three daughters.

NEW DIVISION PRESIDENTS

GORDON D. PALMER, President, National Bank Division

GORDON D. PALMER is president of the First National Bank, Tuscaloosa, Alabama. He is a native of Illinois and was educated in the schools of Illinois, Oklahoma and Alabama. He received his B.S. degree from the University of Alabama.

Mr. Palmer served overseas in World War I as a lieutenant and later captain of infantry with the 82nd Division of the A.E.F. Returning to civil life, he became associated with the Sloss-Sheffield Coke plant in Birmingham, Alabama. He later became bursar and business manager of the Birmingham Southern College, and subsequently executive secretary of the University of Alabama.

In 1926 Mr. Palmer entered the banking business as assistant to the president of the City National Bank of Tuscaloosa and later became vice-president. In 1935 he was elected executive vice-president of the First National Bank of Tuscaloosa; and in 1941 he became president, the office he now holds.

Mr. Palmer has been active in the affairs of the American Bankers Association as a member of its Economic Policy Commission, as A.B.A. Treasury Savings Bond chairman for Alabama, and member of the Executive Council. He was chairman of the Research and Operations Committee and a member of the Committee on State Legislation of the A.B.A. National Bank Division, chairman of the Executive Committee of the Division in 1945-46, and vice-president of the Division in 1946-47.

He served the Alabama Bankers Association as secretary from 1937 to 1942, was elected second vice-president in 1942, first vice-president in 1943, and president in 1944. He has been lieutenant-governor of the Alabama district of Kiwanis International, and is director of the Birmingham Branch of the Federal Reserve Bank of Atlanta.

L. A. TOBIE, President, Savings Division

L. A. TOBIE was born in Bloomfield, Connecticut. He received his schooling in the Hartford public schools and is a graduate of the American Institute of Banking.

From November 1914 to April 1924 Mr. Tobie was associated with the Hartford-Connecticut Trust Company and then became an examiner for the Connecticut State Banking Department for three years. For the next 12 years he was a branch office manager in the agency department of the Travelers Insurance Company. In June 1938 Mr. Tobie was elected treasurer of the Thomaston Savings Bank, Thomaston, Connecticut; and in May 1941 undertook his present assignment as president of The Meriden Savings Bank, Meriden, Connecticut.

Mr. Tobie has held several official positions in the American Bankers Association. He has been vice-president of the Savings Division for the State of Connecticut, and A.B.A. vice-president for Connecticut. For the past three years he has been chairman of the Committee on Savings Development, and in 1946-47 was vice-president of the Savings Division.

He is a past president of Hartford Chapter, A.I.B., and is a member of the Executive Committee and chairman of Group I of the Savings Banks Association of Connecticut.

ELWOOD M. BROOKS, President, State Bank Division

ELWOOD M. BROOKS, president and managing officer of The Central Bank and Trust Company, Denver, Colorado, is a product of Kansas farm life and still maintains farm interests, including livestock, in that state.

He was born in Clayton, Kansas, and grew up on a farm there. He obtained his education in the schools of Norton County and at Fort Hays Kansas State Teachers College, Hays, Kansas. He began his career in the teaching profession, starting as a rural school teacher; he became principal, city superintendent of schools, and finally county superintendent of public instruction in his home state.

After 12 years in the teaching profession, Mr. Brooks resigned to become assistant cashier of The Farmers National Bank, Oberlin, Kansas. In 1921 he was made cashier and managing officer of that bank, and in 1922 he was elected a director in The Citizens State Bank of Norcat, Kansas. In 1937 he became banking commissioner for the state of Kansas, a position he held until 1941. In that year he became president of the City National Bank of Atchison, Kansas, and continued as its president until 1944. In January 1943 he was elected president and managing officer of The Central Bank and Trust Company in Denver, Colorado.

Mr. Brooks has been for several years a member of the executive committee of the State Bank Division of the American Bankers Association and in 1946-47 was vice-president of the Division. He also has been a member of the Subcommittee on Model State Banking Code.

He is a director and president of both The Farmers National Bank, Oberlin, Kansas, and of The Citizens State Bank of Norcat, Kansas. He is a past vice-president of the National Association of Supervisors of State Banks and past vice-president of the Kansas Bankers Association. He is a director of the Denver Chamber of Commerce and a member of the Federal Finance Committee of the United States Chamber of Commerce.

R. M. ALTON, President, Trust Division

R. M. ALTON, vice-president in charge of the trust department of the United States National Bank, Portland, Oregon, was born in Montana and moved to Oregon in 1908. He was a student at the University of Oregon for two years, following which he attended the University of Michigan.

From 1915 until he entered the Army in World War I, he practiced law in Portland. He served overseas with A.E.F. until 1919, when he returned to Portland and joined the staff of the United States National Bank there. He is now vice-president in charge of the trust department of that institution.

In World War II, Mr. Alton again served his country as a member of the Army Air Forces, serving in the Technical Training Command, First Fighter Command, and later in the Matériel Command, Western Procurement District, Los Angeles, in which he attained the rank of lieutenant colonel in 1944. He returned to his bank in April 1945.

Mr. Alton was chairman of the Executive Committee of the Trust Division of the American Bankers Association in 1945-46 and vice president of the Division in 1946-47.

THE DIVISION MEETINGS



ABOVE

The retiring president of the National Bank Division, Carl K. Withers, president of the Lincoln National Bank, Newark, New Jersey, greets his successor, Gordon D. Palmer, president, First National Bank, Tuscaloosa, Alabama. On the extreme right is W. W. Campbell, newly elected vice-president of the Division and president, National Bank of Eastern Arkansas, Forrest City, Arkansas.

The National Bank Division heard a message of greeting from Hon. Preston Delano, Comptroller of the Currency, and discussions by Beardsley Ruml, chairman of the board, R. H. Macy & Co., Inc., New York, on "The Debt, the Budget and Taxes," and by Robert D. Mathias, president, Indiana Bankers Association, and president, Old National Bank, Evansville, Indiana, on "Bank Management in a Changing Economy"

LOWER LEFT

Left to right: James C. Wilson, retiring president of the State Bank Division, and president of the First Bank and Trust Company, Perth Amboy, New Jersey, shakes hands with Elwood M. Brooks, his successor, who is president, Central Bank and Trust Company, Denver, Colorado. Standing between them is Frank L. King, newly elected vice-president of the Division, who is president, California Bank, Los Angeles, California.

Features of the State Bank Division program were talks by H. Earl Cook, member of the Board of Directors of the Federal Deposit Insurance Corporation, Washington, and Dr. Marcus Nadler, Professor of Finance, New York University, New York. Mr. Cook spoke on "The Contribution of the Federal Deposit Insurance Corporation to the Dual System of Banking," and Dr. Nadler on "The Outlook for Banking"

UPPER RIGHT

Officers at the Savings Division meeting. Left to right: William A. Marcus, new vice-president of the Division, and senior vice-president, American Trust Company, San Francisco, California;



L. A. Tobie, new president of the Division, and president, Meriden Savings Bank, Meriden, Connecticut; Fred F. Spellissy, retiring president of the Division, and executive vice-president, Market Street National Bank, Philadelphia, Pennsylvania; J. R. Dunkerley, deputy manager, A.B.A., and secretary of the Division; and Eugene M. Mortlock, director of research in mortgage and real estate finance and assistant secretary of the Division.

The Savings Division program included a talk by Joseph Staggs Lawrence "The Revenue Side of Banking," and one by Arthur A. Hood entitled "The Banker—Balance Wheel of Light Construction." Mr. Lawrence is vice-president and economist of the Empire Trust Company, New York, and Mr. Hood is editor of *The American Lumberman and Building Products Merchandiser*, Chicago

LOWER RIGHT

Retiring president of the Trust Division greets his successor. Left to right: Merle E. Seleckman, secretary of the Trust Division; John W. Remington, new chairman of the Division's executive committee, and vice-president and trust officer, Lincoln Rochester Trust Company, Rochester, New York; Evans Woollen, Jr., retiring president of the Division and newly elected vice-president of the A.B.A., who is president of the Fletcher Trust Company, Indianapolis, Indiana; R. M. Alton, newly elected president of the Division, and vice-president in charge of trust department, United States National Bank, Portland, Oregon; and H. M. Bardt, new vice-president of the Division, and vice-president and senior trust officer, Bank of America N. T. & S. A., San Francisco, California.

The Trust Division heard a series of ten-minute talks on "What the Trust Department Means to Our Institution," given by William L. Kleitz, president, Guaranty Trust Company, New York; John H. Evans, president, McDowell National Bank, Sharon, Pennsylvania; John M. Wallace, president, Walker Bank & Trust Company, Salt Lake City, Utah; John S. Alfriend, president, National Bank of Commerce, Norfolk, Virginia; and Clarence R. Chaney, vice-chairman of the board, Northwestern National Bank, Minneapolis, Minnesota





Joint meeting, Small Business Credit Commission and Credit Policy Commission. *Left to right*, Walter B. French, in charge of both commissions; Lester E. Shippee, chairman, Credit Policy Commission, and Robert M. Hanes, chairman, Small Business Credit Commission

Discussion of the over-all picture of the reconstruction of Europe, the means of financing it and the activities of the World Bank and the International Monetary Fund. *Left to right*, Frank A. Southard, Jr., director, Office of International Finance, Treasury Department; Walter R. Gardner, Chief, Balance of Payments Division, Research Department, International Monetary Fund; Robert L. Garner, vice-president, International Bank for Reconstruction and Development; W. Linn Hemingway, chairman, A.B.A. Advisory Committee on Special Activities and chairman of the board, Mercantile-Commerce Bank and Trust Company, St. Louis; Robert V. Fleming, chairman, Government Borrowing Committee, and president, Riggs National Bank, Washington, D. C.; and Robert G. Taylor, assistant secretary, Government Borrowing Committee

COMMISSION AND COMMITTEE MEETINGS

Atlantic City, September 28-29



LEFT: Commerce and Marine Commission meeting. At the speakers' table, *left to right*, P. D. Houston, chairman of the board, American National Bank, Nashville, Tennessee; Fred I. Kent, chairman of the Commission and director, Bankers Trust Company, N. Y.; and Harold Stonier, Executive Manager, A.B.A. **RIGHT:** Speakers' table at the Agricultural Commission meeting. *Left to right*, Otis A. Thompson, president, National Bank and Trust Company, Norwich, New York; Dr. Van B. Hart, professor in farm management, New York State College of Agriculture, Cornell University, Ithaca, New York; Charles T. O'Neill, chairman of the Commission and vice-president, National Bank and Trust Company, Charlottesville, Virginia; Paul M. Jones, cashier, Old Phoenix National Bank, Medina, Ohio; R. B. Patton, president, American Exchange Bank, Henryetta, Oklahoma; Gordon C. Hunter, executive vice-president, The Peoples Bank, Roxboro, North Carolina; and Warren Garst, cashier, Home State Bank, Jefferson, Iowa



PHOTOS BY CENTRAL STUDIOS
BANKING



LEFT: Discussion of the activities of the Country Bank Operations Commission. *Left to right, from corner of table:* Raymond Linsley, president, First National Bank, Three Rivers, Michigan; Stanley A. Neilson, president, Bank of Gowanda, Gowanda, New York; Clyde D. Harris, chairman, who is president, First National Bank, Cape Girardeau, Missouri; and George R. Amy, secretary. RIGHT: W. Randolph Burgess addressing the Economic Policy Commission meeting



Some members of the Committee on Federal Legislation. *Left to right,* A. G. Quaremba, vice-president, City Bank Farmers Trust Company, New York; Lee P. Miller, chairman, Subcommittee on Taxation, and vice-president, Citizens Fidelity Bank and Trust Company, Louisville, Kentucky; C. Francis Cocke, chairman of the Committee and president, First National Exchange Bank, Roanoke, Virginia; Claude E. Bennett, chairman, Subcommittee on Federal Deposit Insurance Study, and president, Tioga County Savings and Trust Company, Wellsboro, Pennsylvania; and Rudolph E. Reichert, chairman, Subcommittee on Social Security, and president, Ann Arbor Bank, Ann Arbor, Michigan

LEFT: At the meeting of the Committee on Service for War Veterans. *Left to right,* David W. Farleigh, vice-president, Lincoln Bank and Trust Company, Louisville, Kentucky; Linton E. Allen, president, First National Bank, Orlando, Florida; Kenneth W. McLaren, secretary; Chester R. Davis, former chairman of the Committee and vice-president, Chicago Title & Trust Company, Chicago; William Powers, former secretary of the Committee; and T. B. King, director, Loan Guaranty Division, Veterans Administration. RIGHT: Meeting of the Treasury Savings Bonds Committee. *Left to right, behind the table:* William R. Kuhns, secretary of the Committee and editor, *BANKING*; H. Frederick Hagemann, chairman of the Committee and president, National Rockland Bank of Boston, and Vernon L. Clark, national director, U. S. Savings Bonds Division, United States Treasury Department



STATE SECRETARIES' MEETING



Harry C. Housman, president, State Secretaries Section, is a native of Pennsylvania and a graduate of the Wharton School. He has been with the Illinois Bankers Association since 1924 and its secretary since 1939.

At the States Secretaries Section meeting at Atlantic City during the convention, an unusually broad range of subject matter was discussed. A glance at the program gives the impression of a convention in miniature.

Gilbert T. Stephenson, director, Trust Research Department, The Graduate School of Banking, spoke on trust organizations within the states. He said that, in the seven states where last year no trust institutions existed, there are now such institutions or there is provision for their organization. This was accomplished with the cooperation of the state association secretaries in those states. He also described a contemplated state-by-state study of the condition of trust business. This work will be undertaken when requested by the respective state associations and the results will be presented at state conventions or bankers conferences.

President C. W. Bailey thanked the secretaries for their cooperation and hospitality during his 53,000 miles of travel during his year as head of the Association.

William R. White, vice-president, Guaranty Trust Company, New York, and chairman of the Association's Subcommittee on Model State Banking Code, discussed the importance of strengthening the state banking systems and improving supervision to avoid centralization.

The State Secretaries Section meeting during the panel discussion presided over by Robert E. Lee Hill of Missouri



CENTRAL STUDIOS

The Association's incoming president, Joseph M. Dodge, urged self-control in credit extension and warned against the increased dangers of inflation.

Charles T. O'Neil, vice-president, National Bank and Trust Company, Charlottesville, Virginia, and chairman, Agricultural Commission, discussed the Commission's program and stated that there are three phases of country banking to be given particular attention this year: youth activities, farm mortgage finance and the farm price situation.

Morris Townsend, director, Banking and Investment Section, U. S. Savings Bond Division of the Treasury Department, spoke on the subject of the Bond-a-Month Plan.

In a panel discussion of state association problems, Robert E. Lee Hill, Missouri, acted as moderator, with Fred W. Greene, North Carolina, W. A. Philpot, Jr., Texas, and Paul W. Albright, New York, as panel members. Subjects discussed were: state credit clinics, Saturday closing, secretarial craftsmanship, survey of state association activities, union activities, GI loans, public relations, school conferences, special activities—youth, conservation, contests.

Harry C. Hausman, secretary of the Illinois Bankers Association, assumed his duties as the new president of the State Secretaries Section at this meeting. He emphasized the need for increased activity on the part of section members. Paul W. Albright, general secretary of the Savings Banks Association of the State of New York, was elected vice-president.

PRESENT DAY BANKING

A NEW book, *Present Day Banking, 1947-48*, is scheduled for publication by the American Bankers Association on or about December 1 of this year.

Announcement of the 448-page ready-reference volume on business and banking was made at the annual meeting of the A.B.A. Public Relations Council held at the Association's recent Atlantic City convention.

Subjects covered in separate chapters include: business and finance, bank credit, investments, public relations, operations and management, banking education, national, state and savings banking, trust service, insurance and protection, banking law, legislation and taxation, the bank director's job, and pensions for bank employees.

The text was written by members of the Association's staff and by several other authorities in the banking field.

One copy will go to each A.B.A. member.

Public Relations Council, under the chairmanship of William H. Neal, with Deputy Manager John Mack at his left



CENTRAL STUDIOS
BANKING

THE INVESTMENT MARKET

H. EUGENE DICKHUTH

MR. DICKHUTH is a financial writer on the staff of The New York Herald Tribune.

ONE of the most significant developments in the investment field during recent weeks has been the gradual hardening of long term rates in the private capital market. Partly responsible, no doubt, has been the deliberate increase of short term money rates by the Treasury and by the Federal Reserve Board. Beyond that, the rise perhaps reflects a somewhat greater scarcity of capital of all types, occasioned by the price spiral and the squeeze it places on private and corporate working capitals.

The change to higher rates may be illustrated best by two examples of Bell System financing. On July 17, 1946, the American Telephone & Telegraph Company sold \$125 million debentures at an interest cost of 2.61 percent. Not so long ago, the New England unit of A. T. & T. floated \$40 million obligations of the same rating, but this transaction cost the company 2.96 percent.

It may be of interest to note that, despite retirement of high coupon securities, John W. Snyder, Secretary of the Treasury, remarked in his statement on operations of the fiscal year 1947 that "the over-all computed average rate on the interest-bearing public debt outstanding on June 30 was 2.107 percent, compared with 1.996 percent a year ago." He attributed the increase "to the retirement of large amounts of short term debt bearing relatively low rates of interest and the continued issue of nonmarketable and special issues at higher than average rates."

Pressure on American Pockets

The pressure for slightly higher rates will by no means be alleviated by the European crisis, the Marshall Plan, or a possible worsening of the East-West political tension. All these developments mean spending of United States funds which ultimately come out of the private pockets of Americans. Although Beardsley Ruml's suggestion of selling special bonds to the public for underwriting part of the Marshall Plan has been received with little enthusiasm, the proposal per se is significant for pointing up the original source of all government funds.

The sale of the Treasury's new 2½ percent issue came to a close with total subscriptions of about \$900 million. Non-bank investors were reported moderate purchasers of the obligations and relatively strong demand is understood to have come from the Treasury's trust funds themselves. The market for long terms is expected to remain relatively steady and stable unless fiscal authorities should decide to drive prices down by sales from agency accounts and trust funds.

The last issue of Treasury bills floated under the old repurchase agreement—before the rate was unpegged—was supplanted early in October. Hence from this time on, banks were on a real open market basis in buying and selling bills from or to the Federal Reserve banks. Obviously there is

now a difference in price between selling bills one day and buying them back later. Prior to that, banks were able to make considerable use of the old bills which had the repurchase agreement.

Rail Reorganizations

One of the major rail reorganizations which came to an end in recent weeks was that of the New York, New Haven & Hartford. Its debt was scaled down from about \$297,300,000 to \$229,600,000. With completion of the transaction and return of the carrier to private management, the major reorganizations still pending include Central of Georgia, Central of New Jersey, Chicago, Rock Island & Pacific, Duluth, South Shore & Atlantic, Florida East Coast, Great Northern, Missouri Pacific, New Orleans, Texas & Mexico, New York Ontario and Western, Rutland and Wisconsin Central.

The outlook for rail earnings next year, while excellent on paper on several scores, remains quite uncertain depending on the extent of further wage increases and rate reliefs. The traffic prospects are estimated as very good indeed and even with no rate increases freight revenue could be one of the largest in history—if all goes well.

Next year's freight traffic is projected at 620 billion ton-miles, which is below wartime 1942-1945 levels, but 30 percent higher than 1941 and almost 40 percent larger than that for 1929. Passenger mileage is estimated at 38 billion, the best since 1923 except again for 1942-1945. However, costs have risen so steeply that for 1947 over-all profits may be reduced to some \$270 million (for the Class I roads) or less than actual 1946 results, even though this has been a good year and the carriers were originally estimated to have earned \$431 million by December 31 next.

Temporary periods of congestion in the capital markets, which occurred during the summer months, seem to have been overcome by adjusting prices of new capital issues to market conditions. Pricing, however, is not so easy these days in the face of slightly rising interest rates and narrowing spreads for investment bankers.

Third Quarter's New Issues

New securities issued in the third quarter of the year totaled about \$1.8 billion, including corporate flotations, municipals, state bonds and world bank debentures. Refunding operations were only \$400 million, about half of the quarterly average of last year.

Corporate financing to expand working capital, plants and equipment aggregated about \$900 million, off \$200 million from the second quarter of 1947 as a result of the usual summer slowdown, but with the exception of this three-month period and the last quarter of 1946 when such issues reached \$1.6 billion, the volume was still higher than in other quarters since the mid-1930's. A continued large volume of new corporate financing is generally expected.



Profit Prospects—

A. ANTON FRIEDRICH

The author, a regular contributor to BANKING, is professor of economics at New York University and a member of The Graduate School of Banking faculty. He is also co-author of several books on economics, and contributor on economic subjects to the Encyclopedia of Social Sciences.

IN DISCUSSING costs, income and profits, one must keep in mind that the experiences of the 11,000 or 'so banks making instalment loans will vary considerably. One bank will be able to accommodate an increase in volume by a more intensive use of existing facilities and personnel while another will have to add and train new personnel. While the first bank will benefit by lower unit costs, the second may find that, for a time at least, additional costs will keep pace with the added income. Then, also, bank rates differ as do loan policies and practices. Moreover, local conditions may vary, and in some cases vary widely from general conditions. The farmer whose corn crop has been ruined by local floods or drought may be in financial difficulties even though corn farmers in general may be very prosperous. Observations about the prospects for profits which are not directly related to a particular bank in a particular community can deal only in general trends which have meaning in terms of an over-all picture.

In estimating future profit trends, it is necessary to define a time period to which the forecast applies. This discussion assumes that the indicated trends will operate over the next six to nine months. This does not mean that the trends will change beyond that period. It simply means that any forecast should be reviewable within a six months' period. The future discloses itself only dimly in hints and clues which are matters of interpretation and reasoning.

AFTER this precautionary preface, I am willing to state that present indications point to the probability that *bank operations in instalment credits over the next six to nine months will be more, rather than less, profitable.* This conclusion is based upon the following grounds:

(1) Bank personnel have been accumulating more experience in operating instalment credit; credit files and records are more complete; methods and policies which were experimental in the beginning have been tried and sifted. As time runs on, banks should be able to realize economies of internal operations which will to some extent lower costs.

(2) The easing of credit terms after Regulation W, with a lowering of down payments and a longer loan period, together with higher prices for durable consumer goods and a probable increase of the ratio of credit sales to total sales, points to one conclusion: that the volume of instalment credit will continue to expand at present or perhaps even higher rates. It seems a reasonable guess that the instalment credit total in bank portfolios will be roughly \$1 billion greater by the middle of next year.

(3) Equally important to profit prospects are the probabilities that the individual loans will be for larger amounts and will run for longer periods of time. It costs no more to make a loan of \$500 than it does to make one of \$300. Similarly the acquisition cost for a loan of 24 months is very little if any more than for a loan of 15 months. Of course, in the latter case, the costs of collection rise but to an amount far less than the greater revenue which the longer period loan provides. Thus the net margin tends to become greater as the size of the loan increases and the loan period is longer.

I presume the reader will understand that this statement is true only within limits set by intelligently conceived credit standards. A 100 percent loan to a street urchin on a rubber balloon for 30 days would obviously not be profitable, although for that type of loan the amount might be high and the loan period long.

IN opposition to these prospects for a larger total revenue from instalment credits and a higher income per loan there are offsetting factors.

(1) Costs of operations will probably be higher. If prices are higher in 1948 as they probably will be, if the cost of living continues to rise, if the wages of industrial workers are raised, the trend of wages and salaries in banks will also follow the major trends. In view of the fact that wages and salaries constitute the major part of the costs of operating an instalment credit department, it is reasonable to anticipate a higher level of per item and per dollar costs in making and collecting instalment credit. But the increase of these costs will not equal the increase of income.

(2) But will not the costs of collections and losses increase because of a greater number of delinquencies and defaults? That the number of delinquent accounts and defaults will increase as the number of loans becomes greater is to be expected. Whether the amounts of delinquencies and credit losses will show an increasing ratio to total loans is another question. If credit standards are lax, if the down-payment is so small and the loan payments so low that the borrower does not accumulate an equity in the refrigerator or automobile worth protecting, the retribution to the lender will be a flood of defaults and repossessions. But assuming sound credit standards on the part of the lender, a dangerous increase in delinquencies and credit losses will occur only if there is a serious recession accompanied by general unemployment and business failures. And this contingency is not in the cards—at least for the period under discussion in this article.

When the prices of necessities such as foods or rent rise sharply, consumer budgets are unbalanced and scheduled repayments become difficult to fulfill. Under these circumstances, there will be more delinquencies and the need for credit re-adjustments will increase, and as a consequence the costs of collections will rise. Market conditions may change with respect to a particular class of goods, say elec-

trical appliances, or with respect to a particular class of borrowers, say small dealers who have misjudged the market and over-extended their inventories. Here too credit adjustments will be necessary.

These circumstances are present now and I do not see that the credit problems which they create need get any worse within the next six or so months—in fact, as a result of easier credit terms some of the difficulties may be moderated—at least, temporarily.

(3) It would not be fitting in these days to write an article that does not contain a strongly-worded admonition, and perhaps it would not be sensible either. With a slight weakening of demand and an increasing supply of new cars, premium prices on used cars could disappear rather quickly. It would be wise, therefore, for lenders to keep a sharp eye on used car prices and to require a down payment high enough and a loan period short enough so that it will be the owner of the car, and not the lender, who will have to absorb the losses which will follow a break in prices.

In conclusion, therefore, assuming reasonably cautious credit policies, the outlook for net earnings on instalment credit is a favorable one.

Favors the Dealer Plan

It will only be a question of time before the bulk of instalment business reverts back to a dealer basis, believes William H. McCabe, manager of the time sales department of the Webster and Atlas National Bank of Boston, Massachusetts.

"For nearly 10 years this bank has handled instalment sales on an indirect basis through the dealer. Under existing conditions this plan has received something of a setback because of the number of banks financing customers direct, (but) we feel it will only be a question of time before the business reverts to the dealer.

"Banks entering the field with a direct plan have been fortunate under existing economic conditions. This condition will not prevail forever. When business returns to normal, regardless of how good the credit rating is at the time of its creation, the usual number of defaults and repossession as well as conversions will be found.

"When and if that time comes, banks operating on a direct plan will be faced with trouble and losses unless they have an experienced consumer credit man to deal with these situations.

"We believe that inasmuch as the dealer creates the business and enjoys the purchaser's confidence, he will be in a better position than he is now to dictate the disposition of time sales business he creates. By unusual services which he is qualified to perform, he can save his customer more in the final analysis than is saved by the customer who finances his car directly.

"Under the dealer plan, the bank has the dealer as a purchaser of any repossessed cars for the unpaid balance due on the customer's note. This factor, except in abnormal times, has proved a wonderful 'anchor to windward.'

"Acquisition costs are decreased by our plan of operation and we obtain a warrant of the validity of the transaction on the part of the dealer with whom we do business.

"In previous years, the dealer's net profit for a year's operation was augmented by dealer reserves. When the automobile business returns to normal, if the dealer's reserve is eliminated, it would be the old story of 'killing the goose that laid the golden egg'."

National Instalment Credit Meeting Planned

Plans are being advanced for a national instalment credit meeting to be held by the American Bankers Association in St. Louis on February 11, 12 and 13, 1948. With modifications, the program will follow the plan of the first national instalment credit meeting, held in January 1947, and will include bankers and industrialists as speakers.

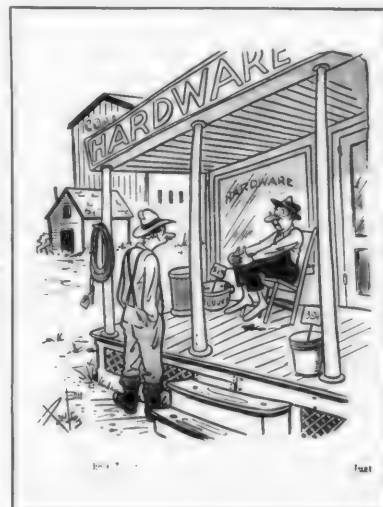
Per Capita Income More Than Double 1939

Per capita income payments in the United States last year were 122.6 percent higher than in 1939, according to the National Industrial Conference Board. In 20 states (including the District of Columbia), the individual percentage increases were less than the rise for the country as a whole. In 1946, only seven states failed to double their 1939 per capita payments.

Large relative increases as high as 258 percent were particularly concentrated in the northwestern and southeastern states. Income in Nevada, New York and California averaged \$1,703, \$1,633 and \$1,531 per person, respectively. In 1939, the corresponding figures were \$767, \$825 and \$741.

Appraise the Automotive Market

"Proper valuation and appraisal of the market is the key to a successful finance operation," the Consumer Bankers Association counseled its membership in a special bulletin on the subject of instalment credit terms after Federal Reserve Regulation W expires, "and this is particularly true in the present automotive market. It will take constant, keen surveillance to keep abreast of the situation as to dealers' stocks and the trend of prices. Anyone who buys a used car valuation guidebook and dismisses the subject of proper valuation from his mind until the next edition of the guidebook comes out may wake up with a bad headache. Certainly there will be no leeway for lax credit and collection policies and procedures."



After Regulation W

AFTER Regulation W, what? Bank men attending the 32nd annual convention of the Financial Public Relations Association in New York studied that question at a departmental clinic which developed a variety of views. Their discussion can perhaps be best summed up in the words of one speaker who said that the consumer credit business would provide proper terms under proper conditions to the proper people.

The clinic had before it this formal question: "With the elimination of Regulation W, what terms and requirements can be adopted for consumer loans consistent with sound banking practice and still satisfy the requirements of the public?"

Both maturities and terms, it was emphasized, should be geared to the times. E.I.H. Bennett, vice-president of the Peoples First National Bank & Trust Company of Pittsburgh, who led the discussion, said that in his opinion the longest maturities were not needed now.

"Back in 1934," Mr. Bennett recalled, "when times were tough and Mr. Average Buyer couldn't spare much of his limited budget for a new refrigerator, we had rather restricted maturities. In 1939, when everybody seemed to be pretty well off, we let them buy for as little as \$5 per month."

"What shall we do today? People have a lot of money—and plenty of places to spend it, too. They can't pay \$20 per month for a household refrigerator, but they can pay more than \$5. In my opinion we do not need, today, the longest maturities possible; we merely need some reasonable relief from the unreasonable, uneconomic terms imposed by Regulation W."

Automobile Financing

In the discussion of automobile financing, the consensus of the clinic was that terms suggested by the Committee on Consumer Credit of the American Bankers Association were fairly well in line. These terms, compiled in the light of current economic conditions, are a minimum down payment of 33 1/3 percent and a maximum term of 24 months on new cars; 33 1/3 percent and 18 months on used cars (1946 and later); and 40 percent and 15 months on 1940-42 cars. (The used car percentages are based on sound retail value as stated in standard guides.)

The discussion developed many interesting views on car financing. One speaker thought it would be well to stick as close as possible to the down payment and maturity terms provided under Regulation W. Another said the schedule should depend on the borrower and his credit; across the board terms weren't entirely satisfactory and individual credit analysis was required. Another pointed out that definite terms would be available through dealers.

Some difficulty with higher monthly payments was reported by a few speakers, at least one of whom emphasized that there was need for customer relief in the instalments, rather than in the down payment, by providing longer maturities.

Use of standard book values as a guide was advocated, especially in the case of "used" cars purchased in the black market. Bankers must explain to their customers why loans cannot be made on inflated scarcity prices.

As for appliances (refrigerators, ranges, washing machines and ironers), the bankers were mostly of the opinion that a 20 percent down payment and a 24-month term were reasonable; some thought a three-year pay-off period was too long. One delegate reported that buyers in his town were shopping around to find the smallest down payment and the longest term.

Radio, radio-phonograph and television financing was discussed on the tentative basis of 25 percent down and a payment term of 18 months for each of these articles. There were references to present conditions in the radio market, where inventories for some merchandise, especially "off-brand," are said to be high.

Financially Sound Practices

In opening the clinic, Mr. Bennett said that lenders, manufacturers, retailers and advertisers would be affected in one way or another by the discontinuance of Regulation W on November 1.

"The man who is in the lending business," he asserted, "is going to be as conservative as possible to protect the money he plans to invest in loans on commodities. The manufacturer and retailer, while probably attempting to be conservative, will nevertheless cast their vote for terms which will make it easier and easier to buy their products. The buyer, always sure that his credit is good, will not be in sympathy with the banker's viewpoint and will try to make it just as easy for himself as possible."

"We can be sure of one thing: When and if fairly uniform terms are adopted, someone—either the banker, manufacturer, retailer or buyer—is going to disagree with them. We will not be able to please everyone, but I am personally optimistic enough to believe that these combined industries are going to come out of the November 1 hodge-podge with practices that will be sound financially or creditwise, and at the same time consistent with good merchandising."

The down payment, Mr. Bennett pointed out, is an evidence of the buyer's good faith, and an indication that he means to keep his part of the contract. It also provides him with an incentive to pay the balance.

"If you want a new car or a refrigerator, you should have a display of good faith, an incentive to pay, and at least a part ownership. It's the only fair way to buy, and it's the only basis on which bankers or finance men can be expected to cooperate."

"Some people argue that if the proper down payment is made to establish equities, why worry too much about maturities? I think perhaps that can be answered by asking how far ahead are you willing to predict economic conditions, changes in models, or the life span of certain types of merchandise? I, for one, do not know whether we are going to have good times or poor times in 1950; I have no idea whether the automobile or electric refrigerator will be revolutionized by some startling new development next year or the year after; nor do I know whether this or that washer will last one year or 10 years. I can guess, of course, and that's what we've been doing for years; but some day you and I may make some mighty poor guesses if we are asked to look too far into the future."

News Exchange

F.P.R.A. Surveys Consumer Credit Advertising

MORE banks reported that they based their consumer credit advertising on the "low cost" theme than any other, in a recent survey by the Financial Public Relations Association. Most of the 144 institutions which returned questionnaires were national (77) and state (54) banks, within the \$25 million to \$500 million assets bracket. The banks represented metropolitan cities, medium-sized cities and small towns. A small majority reported that statewide banking was not permitted.

Less than half of the reporting banks were influenced in their choice of an advertising theme by their competition. A majority of banks using the "low cost" or "rates" theme used tables showing monthly payments for various-sized loans.

Other advertising themes, however, were well represented, including "establish bank credit," "convenience," "quick service," and "payments to fit borrowers" ranked high in popularity.

NEWSPAPERS, direct mail, car cards, lobby posters, folders and statement inserts were most favored media. Most of the banks using newspapers did not make a practice of repeating the same ad or series, although they did occasionally repeat.

Banks which used the classified section did not usually use drawings or photographs to illustrate their advertisements. Banks which did not use the classified section believed it does not attract the proper quality of business or couldn't afford both and felt the display section is more effective.

In direct mail advertising, the majority of banks mailed both to customers and new names, and considered new names productive. They obtained names mainly from the local business directory, telephone directory and purchase lists.

Their first choice was a letter-enclosing folder. Letters without enclosure, folder without letter, and specially printed folder with letter as part of folder were also popular choices.

From the point of view of loans made, the banks found the letter-enclosing folder the most effective; this was true also from the point of view of replies. The largest number of banks used first class postage, mailings to individual's name, and personalized fill-in. Pen-and-ink and facsimile signatures were most popular.

More banks listed newspapers and direct mail as giving best results than named other media. Majority of banks found their advertising costs per loan under \$3; the majority of these under \$1.

Advertising expenditures were about the same or higher for most banks for 1947 compared with 1946. The large majority found volume running higher than 1946. Most banks had considerable or a "great deal" of competition, about equally from other banks, small loan companies and national finance companies.

More Living in Farm Life

"Getting More Living Into Farm Life" is the title of Bank of America's interesting brochure addressed to farm owners. "To the Man Who Pays the Bills," Bank of America says: "We take the feminine side of the argument because honest appraisals of farm and ranch values show that a comfortable, attractive home is just as important to the financial health of the enterprise as modern machinery and management."

"Attractive living conditions in and around the home attract those you are dependent upon for help. Sometimes living conditions determine whether or not the farm 'stays in the family.' Often the question of whether the boys and their friends come home for the Summer depends on the way of living you provide. From many standpoints the stability of every farm and ranch enterprise depends upon the comforts and attractions of the farm home."

"To the Woman of the House" Bank of America provides this introduction to numerous suggestions for improvements in farm homes: "The technique of getting your own way is to show how the things you want will increase not only your own but your entire family's happiness. So, the first step is to suggest changes you are sure the family would like."

The Fifth Third Union Trust Co., Cincinnati, Ohio, does a good volume of instalment lending to small business as a result of its newspaper advertising campaign, featuring case histories



A Case History of a FIFTH THIRD Small Business Loan

MR. J. . . . needed \$3000 in a hurry. He had an opportunity to buy some new machinery for his small factory. He told his story to an officer of the Fifth Third, who arranged for his loan on convenient monthly payments.

If you need money to buy new machinery, buy or expand a business or stock merchandise, visit any one of the 19 convenient Fifth Third Offices. You'll get prompt, courteous, business-like action.

the FIFTH THIRD UNION TRUST co.



The Country Banker

A Lively Program for Country Bankers

RECOGNIZING that the banks in the United States now serving agriculture have a definite responsibility to maintain farm credit on a sound basis, the Agricultural Commission and the Country Bank Operations Commission of the American Bankers Association will this year work together to produce a farm mortgage lending guide for the use of country bankers. This guide, which may assume the form of a bank manual with supplemental information and bulletins to keep bankers informed, will be issued jointly by committees representing the two commissions.

Acting for the Country Bank Operations Commission on the joint committee will be: Giles H. Miller, Jr., president, Culpeper National Bank, Culpeper, Virginia; Will A. Lane, president, Security Savings Bank, Marshalltown, Iowa; and Theodore Reininga, president, Peoples National Bank & Trust Company, Washington, Indiana. The committee from the Agricultural Commission is headed by Paul M. Jones, cashier, Old Phoenix National Bank, Medina, Ohio, and includes: George H. Stebbins, vice-president, Simsbury Bank and Trust Company, Simsbury, Connecticut; Jesse W. Tapp, vice-president, Bank of America N. T. & S. A., San Francisco, California; and Dr. O. B. Jesness, member of Agricultural Commission Advisory Council, and chief of the Division of Agricultural Economics, University of Minnesota, St. Paul, Minnesota.

ANNOUNCEMENT of the appointment of the two committees was made by Clyde D. Harris, chairman of the Country Bank Operations Commission and president, First National Bank, Cape Girardeau, Missouri, and Charles T. O'Neill, chairman of the Agricultural Commission, who is vice-president and trust officer, National Bank and Trust Company, Charlottesville, Virginia, at a joint dinner meeting at the conclusion of the annual meetings of the two commissions in Atlantic City, New Jersey, following the annual A.B.A. convention.

For the past two years the Agricultural Commission has been studying the community welfare aspects of farm mortgage financing and in line with the program to help keep agriculture financially sound has developed eight principles of farm lending. The Commission will continue, through its representatives on the joint committee, to study the external aspects of farm mortgage lending, while the Country Bank Operations Commission will study operations involved in making mortgage loans and the responsibility of management in maintaining credit information.

In urging the joint action of the two commissions, Chairman O'Neill said: "In view of the increased interest which country banks have in making farm loans, and since country banks are the largest current lenders to farmers on their land, it seems desirable that the two commissions should work together to amplify the eight principles of farm mortgage lending published last year, as follows:

(1) *The test of a good farm mortgage loan is one where the farm offered as security will produce sufficient income to pay operating expenses including taxes and insurance, provide a living for an average family, and leave enough margin to pay interest and principal on the loan.*

(2) *The loan should be amortized on a plan adapted to the borrower's ability to repay, and the loan contract should permit advance payments on principal. Loans made during periods of high income should provide for rapid repayment until reduced to an amount that can be carried with much lower farm income.*

(3) *Records such as land classification maps, soil maps and aerial photographs should be used to help determine the quality and productivity of the land in the territory and of the farm offered as security.*

(4) *Farm property offered as security should be appraised by a qualified person familiar with local farming practices and values. His report should show description of the land as to its productivity, types of soil, and its relative value with other farms in the community.*

(5) *The appraiser's report, which becomes a permanent record of the bank, should include full information as to the borrower and his family, his character and industry, his attitude toward conserving the soil and building up his property, and his experience and ability as a manager.*

(6) *In making an appraisal of the farm, first consideration should be given to the income which the farm is expected to yield at average farm prices over a period of years.*

(7) *Farm buildings should be appraised according to their usefulness to the business of the farm, on the basis of their contribution to the farm income rather than on their cost.*

(8) *Loans should be supported by adequate records—records that can be made available, if necessary, to the bank examiners to confirm the judgment of the bank officers and directors who made the loan.*

Chairman Harris endorsed Mr. O'Neill's statement and stated: "Experience indicates, that the easiest way for an average farm family to pay off a mortgage is on an amortized repayment plan. There is no standard pattern for amortizing mortgages, however, and both the term of the loan and frequency of payments must depend upon the type of farming and the size of the loan."



The Agricultural Commission in Atlantic City. Foreground, left, Mr. Hunter, right, Mr. Patton. Seated at table, left to right, Dr. Van B. Hart, Ithaca; Dr. Jesness; Mr. Garst; Mr. Jones; Mr. Torgerson; Mrs. Edwina Kennedy, A.B.A.; Mr. Campbell; Mr. Tapp; Otis A. Thompson, Norwich, N.Y.; Chairman O'Neill; Edgar T. Savidge, A.B.A.; A. G. Brown, deputy manager, A.B.A.; standing, John DeJong, A.B.A.

Agricultural Commission

At its annual business session, the Agricultural Commission reviewed its work for the past year and discussed projects to be initiated during 1947-1948.

Chairman O'Neill announced that while the production by the staff of a farm youth activities manual is scheduled, the members of the Commission, in their contacts with banks in their respective districts, will continue to regard the promotion of soil conservation as their most important responsibility. Members of the Commission were urged to encourage banks to become acquainted with soil and land management problems in their own communities and to know what measures are recommended by the state colleges of agriculture and the Soil Conservation Service of the Department of Agriculture to meet local problems.

The Commission also urges country bankers to encourage individual farm planning, in which long time projects are developed to increase the earning power and economic stability of the farm. "Programs for financing such improvements should have the careful and constructive consideration of country banks," Mr. O'Neill said.

Besides farm mortgage financing, soil conservation and youth activities, the Commission will continue its bulletins on farm land prices. Other long range programs which will be continued will include: Encouragement of bank outside farm programs; the building and use of credit files; constructive merchandising of farm credit services; and continuing research to advise banks as to the agricultural outlook and marketing of farm products. The Commission will also maintain its programs with respect to commodity loans; GI farm loans; subsidized competition; the 1,000-point rating program; and cooperation with the state associations and county key bankers.

Besides Chairman O'Neill, members of the Commission attending the meeting included: Mr. Jones; Mr. Tapp; Warren Garst, cashier, Home State Bank, Jefferson, Iowa; Gordon C. Hunter, executive vice-president, The Peoples Bank, Roxboro, North Carolina; R. B. Patton, president, American Exchange Bank, Henryetta, Oklahoma; and W. W. Campbell, president, National Bank of Eastern Arkansas, Forrest City, Arkansas.

Also present at the Atlantic City meeting were members of the Agricultural Commission advisory council, as follows: Dr. Van B. Hart, professor in farm management, New York

State College of Agriculture, Cornell University, Ithaca; and Dr. O. B. Jesness, chief of division of agricultural economics, University of Minnesota, St. Paul.

Members of the Subcommittee on Agricultural Credit of the Federal Legislative Committee who met with the Commission included: John H. Crocker, vice-president, Citizens National Bank, Decatur, Illinois; R. N. Downie, president, Fidelity State Bank, Garden City, Kansas; F. E. Snedecor, president, First National Bank, Corona, California; and N. V. Torgerson, president and cashier, Farmers State Bank, Adams, Minnesota.

Country Bank Operations Commission

At the Country Bank Operations Commission business meeting Chairman Harris reported that 1,400 banks have already made requests for the Commission's new cost analysis manual. It will be available within a few weeks and is designed to provide the officers of small undepartmentalized banks with a simplified method of analyzing costs. It follows the method used successfully by the Commission in cost analyzing more than 7,000 banks during the past three years.

As a supplement to this program, the Commission is considering an occasional publication containing information about current trends in bank costs and opinions and comments about work in this field.

It was the consensus of member opinion that within the past three years the Commission has accomplished a substantial educational work which now can be brought to fruition through the issuance of instructive material, such as contained in the forthcoming cost analysis manual. It is planned to keep this study up to date by an annual publication.

The Commission also decided upon an efficiency study in bookkeeping costs and the possibilities of improving the block proof system.

Those in attendance at the meeting included, besides Chairman Harris: John W. Brown, Jr., president, First National Bank, Sylacauga, Alabama; Dan Erdman, vice-president, Quakertown Trust Company, Quakertown, Pennsylvania; Raymond B. Linsley, president, First National Bank, Three Rivers, Michigan; H. Webb Madison, president, Bastrop (Louisiana) Bank and Trust Company; Mr. Miller (Virginia); Stanley A. Neilson, president, Bank of Gowanda, New York; Alonzo Petteys, vice-president, Farmers State Bank; Brush, Colorado; F. R. Rantz, president, Elliott State Bank, Jacksonville, Illinois; and Richard W. Trefz, president, Beatrice State Bank, Beatrice, Nebraska.

At the County Bank Operations Commission's meeting in Atlantic City. Left to right, Charles E. Betts, A.B.A.; Mr. Brown; Mr. Madison; Mr. Petteys; C. F. Anderson, Pulman, Wash.; Melvin C. Miller, deputy manager, A.B.A.; Giles H. Miller, Jr., Culpeper, Va.; Chairman Harris; George R. Amy, deputy manager, A.B.A.; Mr. Neilson; Mr. Linsley; Mr. Erdman; Robert W. Bachelor, A.B.A.; and Mr. Rantz



Bankers Join in 4-H Celebration

ONE thousand Maryland farm boys and girls attended the University of Maryland's Extension Service 4-H Club celebration at College Park late last Summer to participate in project demonstrations and camp fire contests. For project purposes, the group was divided into units of 50 each and named for Indian tribes.

The Maryland Bankers Association has cooperated with the 4-H Clubs since 1935 and its agricultural committee attended the celebration. On the final day of 4-H Club week, Dr. T. B. Symons, dean of the College of Agriculture and director of the Extension Service, who is a member of the association's agricultural committee, customarily invites the committee to meet with him at the University.

After adopting an annual program, the committee, members of the College of Agriculture faculty, and 4-H Club leaders are luncheon guests of the University. During the afternoon, this group attends a review of the week's activities, during which achievement awards are made.

The Maryland Bankers Association makes an annual contribution to the 4-H organization in Maryland, which is used in part to pay the expenses of outstanding farm boys and girls to national and international cattle judging contests, camps, and other occasions of interest.

This year, in recognition of the association's cooperation and assistance, a special citation and bronze plaque were



Secretary Reese, left, and Mr. Jenkins, center, receive 4-H distinguished service awards from Dr. Symons

presented to Secretary Matthias F. Reese. E. G. Jenkins of Baltimore, formerly Maryland boys club agent, was similarly honored.

"Our agricultural committee comes away from this meeting," says Secretary Reese, "convinced that our association is doing a good work in encouraging these youngsters and that our yearly appropriation is well invested. Our difficulty lies in preventing their enthusiasm from increasing our contribution beyond the bounds of our budget."

The presence of the bankers on the campus during the 4-H Club celebration serves to confirm their interest in the young people and to build good relations with these future farm men and women.



Members of the Cherokee tribe perform a stunt at an evening campfire for entertainment of fellow 4-H'ers

4-H boys from 12 to 15 years old receive instruction from Ural G. Bee, left, on how to judge a beef animal



Edward K. Bender, college vegetable crop specialist, right, conducts a class in vegetable judging

Joseph M. Vial, animal husbandryman, astride horse, demonstrates techniques used in fitting a horse for showing



News for Country Bankers

Merchandising . . . Bank Operations . . . Legislation . . . Better Farming

This selection of news was compiled by MARY B. LEACH of BANKING's editorial staff.

Bank Loans to Farmers

A TOTAL of 2,500,000 bank farm loans aggregating \$2,200,000,000 was outstanding at mid-1947, according to a recently announced estimate based upon a survey of the Federal Reserve System and the Federal Deposit Insurance Corporation. This represents a 17 percent rise over the middle of 1946.

Farm production loans of commercial banks at mid-year amounted to a total of \$1,480 million and were estimated to number 2,185,000, according to an analysis of the survey by the FRS and FDIC. Nearly two-thirds of this number were small loans under \$500; however, small loans amounted to less than one-fifth of the outstanding volume of bank credit to finance farm operations.

Loans of \$5,000 or more accounted for 2 percent of the number and 27 percent of the total amount. The high proportion of small loans indicated the large extent to which banks were meeting the credit needs of small farmers. One-fourth of bank farm production loans were made to farmers with a net worth of under \$2,000 and an additional 16 percent of the loans were to farmers with a net worth of from \$2,000 to \$10,000.

The two most important uses reported for bank credit to finance farm operations were to pay production and living costs and to purchase machinery

or livestock. Loans to pay farm production and living costs accounted for one-half of the number and one-third of the total amount. Loans to purchase machinery or livestock accounted for one-third of the number and one-half of the amount. Among the other major purposes of this type of borrowing were the purchase or improvement of land or buildings and the repayment of debts.

The average interest rate on farm production loans was 6.2 percent. The survey indicated a substantial decline in this rate over the last two decades.

About \$750 million of the outstanding farm loans were secured by real estate, representing 264,000 loans. The survey disclosed that nearly one-third of the number of farm mortgage loans were under \$1,500 in original amount and only about one-fifth were over \$5,000.

For the country as a whole about two-thirds of the amount of farm mortgage loans and 60 percent of the number were written in 1946 and 1947. Only 4 percent of the amount of outstanding mortgage loans were secured by mortgages written before 1940. The survey results show that banks generally are willing to lend more on a given farm than in 1940, but that the increase in loan value is usually smaller than the rise in the price of farm land.

About 70 percent of the bank real estate loans outstanding were to purchase land. Another 6 percent of the loans were made to build or repair buildings.

Over one-third of the bank farm mortgage loans, representing 26 percent of the loan volume outstanding,

called for repayment within one year. About 25 percent of the number and nearly 40 percent of the amount, however, were written to mature in more than five years.

The average interest rate on farm mortgages held by banks was 4.9 percent, a decline over earlier years.

Ohio Bankers Visit Experiment Station

Fifty Ohio bankers, under the leadership of Charles W. McBride, vice-president and cashier of the Farmers State Bank of West Salem, and Edison Hobstetter, president of the Pomeroy National Bank, took part in an all-day study during September at the Federal Soil Conservation Experiment Station near Coshocton. Mr. McBride is president of the Ohio Bankers Association and Mr. Hobstetter is chairman of the association's agricultural committee. The visitors were guests of Coshocton County bankers and of L. L. Herrold, project supervisor at the station.

The morning was spent in discussion of soil conservation measures which are used or should be used throughout Ohio and the bankers explained the ample bank credit available for financing recommended conservation methods.

During the afternoon, Mr. Herrold took the visitors on a tour of the station. Among other things, he showed them a pasture rich with growth for any kind of livestock. The same land a year ago had been covered with nothing—poverty grass, broom sedge, elderberries and thistle. By multiple discing last Spring,

Ohio bankers on their tour of the Government's Soil Conservation Experiment Station at Coshocton



the application of three tons of lime and 500 pounds of 2-12-6 to the acre, and seeding with eight pounds of alfalfa, a pound of Ladino and eight pounds of brome grass, the abundant growth found by the bankers was produced. The legumes were inoculated before seeding.

Earl Jones, an Ohio State extension agronomist, was present to explain the crop side of the station's work.

Speaking to the group, President McBride told about a 20-county area within Ohio's borders, where a recent survey revealed that 50 percent of the loans of all banks were agricultural.

"Most bankers have many opportunities to get farmers interested in soil conservation," said Mr. McBride. "And that goes for better soil-handling methods other than conservation. I know in our neighborhood, our farmers feel that if we're enough interested to promote a sound liming program, and are willing to extend credit for such farm betterment, it ought to be good for them. And I'm telling you, it doesn't take long for a good farmer or banker to find out that a poor crop is the most expensive crop a farmer can grow."

New Farm Youth Organization for 18- to 30-Year Age Bracket

Tennessee claims the distinction of leading the other southern states in the organization of Young Farmers and Home-Makers Group units for young men and women between 18 and 30 years of age living on farms or in rural communities, according to *The Southern Banker*.

The Young Farmers and Home-Makers Group is a new organization, sponsored by the Extension Service, designed primarily to meet the need of "graduates" from the 4-H Club and Future Farmers of America who may not be ready to enter actively into the programs of adult organizations, such as farm bureaus.

First National of Clarksville display



Banker-farmer meeting on R. H. Stephenson farm near Dry Ridge, Kentucky



Delegates from more than 45 Tennessee counties in which units have been organized attended the first statewide leadership school of the Group at Junior College, Martin, Tennessee, last Summer.

On the final day of the school, 175 delegates chose 12 of their members as exemplifying unselfish attitudes and service. Awards (lapel buttons) were presented to the 12—six boys and six girls—by Secretary H. G. Huddleston on behalf of the Tennessee Bankers Association. TBA President John E. Brown attended the sessions of the school and the closing ceremonies and addressed the Group.

There are 423,485 rural young people from 18 to 30 years of age in Tennessee, according to *The Tennessee Banker*. Although 65 percent of this number live on farms, only 12 percent belong to an organized group. The *Banker* points out that members of this "in between" age have problems peculiar to themselves and require a program of activities patterned to their needs.

Boots Made from Hide of 4-H Champion Steer

A pair of men's boots, trimmed with gold and silver and manufactured by a Clarksville, Tennessee, boot company from the hide of T. O. Pride, Grand Champion steer (a Hereford) has been on display in the lobby of the First National Bank of Clarksville.

T. O. Pride was raised by Jack Hoffman, a 15-year-old Iowa farm boy and 4-H member, and was shown at the American Royal Livestock Show in Kansas City and sold for \$44,375. The Clarksville company paid \$4,175 for T. O.'s hide and has priced the shoes at \$3,500.

Kentucky Introduces Farm Man

John F. Graham, who was employed a few months ago by the Kentucky Bankers Association as its full time agricultural field representative to work

with country bankers, was introduced to Bluegrass bankers and farmers at a series of five meetings in various sections of the state.

An all-time record in banker attendance was achieved, in that more than 90 percent of the banks of the state were represented at the five meetings. The total attendance was about 700, mostly bankers with their director and farmer friends.

The meetings were held on less-than-average farms where better-than-average farmers are doing outstanding jobs in soil conservation, or in balanced farming practices that mean improved pastures, good corn and tobacco, and fine livestock.

The newspapers were represented at the meetings within their circulation areas. Tom Wallace, veteran editor of the Louisville *Times*, himself a farmer, spoke at meetings in Flemingsburg and Hodgenville and in an editorial commended the KBA for its forward looking agricultural program. The Louisville *Courier Journal* carried a front page story about the meetings.

The Federal Reserve banks of Cleveland and St. Louis had representatives at the meetings and joined with the College of Agriculture of the University of Kentucky in cosponsoring the meetings with the Kentucky Bankers Association.

A. G. Brown, deputy manager of the American Bankers Association, spoke at these meetings on the dangers of farm land inflation.

In appointing Mr. Graham, the KBA clinched its awareness of the need of country bankers for expert counsel in serving the needs of agriculture, the largest industry in the Bluegrass State. Although this step meant providing a substantially larger appropriation than the banks would normally allocate for association work, the Kentucky bankers, large and small, shouldered this extra expense. The Louisville banks contributed one-third of the cost.

(CONTINUED ON PAGE 112)

Railways Cooperate with A. B. A. On Check Standardization

MELVIN C. MILLER

MR. MILLER is Deputy Manager of the American Bankers Association and Secretary of the Bank Management Commission.

An encouraging development in the campaign against headache checks is the proffered cooperation in bringing about check standardization by the Treasury Division of the Association of American Railroads. For many years the Bank Management Commission of the American Bankers Association has been preaching the gospel of check standardization throughout the country, stressing the need for locating essential bank information on one place on the check form in order to promote efficiency and speed in the handling of checks through the banking system, and urging banks and industry to pay heed to the recommendations which were being made to the end that so-called headache checks could be eliminated. Headache checks have been aptly described as those checks which are used as an advertising medium on which the plant or product is plastered all over the face of the check, or those on which a terrific maze of accounting and auditing information is spread, in fact, practically everything except the payee's shirt measurements, so that it is difficult for bank employees to locate the necessary information to enable them to know who is to pay the check and what amount is to be paid.

G. L. Dover, chairman of the Committee on Banks of the Treasury Division of the Association of American Railroads and assistant treasurer of The Delaware and Hudson Railroad Corporation, saw an article in one of the banking magazines about what the Bank Management Commission was doing to standardize check design. He came to the Bank Management Commission—usually it is the other way around—and asked the Commission's assistance and advice in revising the circular of his association which is distributed to all railroads suggesting a format for railroad checks, drafts and similar instruments.

The writer, as secretary of the Commission, with two representatives from the Federal Reserve System, met sev-

eral times with the Committee on Banks and outlined the objectives of the Bank Management Commission in simplification and standardization of checks, as well as the use of the check routing symbol in speeding up and simplifying the sorting and collecting of checks through the banking system.

As a result of these conferences, the railroads' Circular No. TD-5 was revised and in it were incorporated the Bank Management Commission's recommendations on check size and design to the effect that the upper right corner of checks and drafts be reserved exclusively for bank information.

On October 8 to 10, the Treasury Division of the Association of American Railroads held its annual convention at Swampscott, Massachusetts, and at that meeting the writer addressed the convention and discussed the Commission's check simplification and standardization objectives. The meeting was attended by the treasurers of railroads from practically all of the nation's railroad systems. The recommendations on check design as formulated by the railroads' Committee on Banks as a result of its conferences with the representatives from the Bank Management Commission of the American Bankers Association and the Federal Reserve System were approved by the convention.

Such voluntary action on the part of an industry in extending a cooperating hand to the American Bankers Association in promoting the check standardization program is indeed something new in the field of inter-industry cooperation.

The Bank Management Commission feels particularly fortunate in having this opportunity to cooperate with the railroad industry.

The checks which companies print themselves are usually the ones where "headache check" troubles are encountered. It would greatly aid the check standardization program if the company would submit the design of a new check to its bank for approval before having it printed. Also the Bank Management Commission would welcome the opportunity to confer with a company or an industry as it did with the railroads in developing proper check size and design.

Rail-bank group working on check standardization at the annual convention of the Treasury Division of the Association of American Railroads, Swampscott, Mass. Seated, left to right: E. R. Ford, secretary, Finance and Accounting Divisions, Association of American Railroads; R. E. Connolly, vice-president, secretary and treasurer, Illinois Central Railroad and first vice-chairman, Association of American Railroads; G. L. Dover, assistant treasurer, The Delaware and Hudson Railroad Corp. and chairman, Committee on Banks, Association of American Railroads; E. H. Bunnell, vice-president, Finance, Accounting, Taxation and Valuation Department, Association of American Railroads; R. J. Lascelles, Treasurer, The Pullman Company; Standing, left to right: B. T. McCoy, treasurer, Western Maryland Railway Company; Melvin C. Miller, secretary, Bank Management Commission, American Bankers Association; W. W. Rhoades, secretary and treasurer, Reading Company; Ralph W. Scheffer, manager, Check Department, Federal Reserve Bank of New York; Harold A. Bilby, assistant vice-president, Federal Reserve Bank of New York.





The Mortgage Business Examines Its Future

Too many mortgage and real estate men, builders and city administrators are spending their time and efforts opposing national legislation like the Taft-Ellender-Wagner housing bill and too little time doing anything about "problems that exist at our own back doors," Guy T. O. Hollyday, retiring president, said in keynoting the 34th annual convention of the Mortgage Bankers Association of America.

In anticipation of the greatest period of activity the mortgage industry has ever known, more than 1,500 mortgage bankers convened for a "working" convention, with few outside speakers and a program emphasizing the internal problems of the business. The opening event was an inspection of the eighth annual exhibit of building, industry and services, and a display by leading manufacturers of services and products related to the construction and mortgage industries.

John C. Thompson, president of the New Jersey Realty Company, Newark, New Jersey, was elected president at the first session of the convention at the Hotel Statler, Cleveland, Ohio, on October 2. Aksel Nielsen, president of The Title Guaranty Company of Denver, was elected vice-president.

THE American Legion insists on more and better homes for veterans at prices they can afford to pay and its 3,500,000 members are going to demand leadership which will aggressively pursue this objective, Richard C. Cadwallader, Baton Rouge, Louisiana, chairman of the group's national housing committee, told the mortgage bankers.

"It is an absolute necessity that mortgage bankers and other financial institutions assume a far larger role for housing results than they have in the past. Far too often the mortgagees merely sit back and wait for applicants seeking loans to come to their doors. If persisted in, this will be a tremendous stimulus to government intervention in housing. The money lenders of the nation must become more active and aggressive in the development and planning of better housing and business communities to serve them. Your interests must become broader. I hope that you will interest yourself in mutual and other low rent projects. There is a splendid opportunity for you to assist veterans' groups to acquire the public housing units being offered by the Federal Government."

THE complete replanning of America is financially possible, clearing of our slums is physically possible and redevelopment of our cities is financially practical—and it can all be done in a period of 10 to 15 years if we want to do it, Charles

Abrams, author of the recently published *The Future of Housing*, told the mortgage bankers. Mr. Abrams is a lecturer on economics and housing at the New School for Social Research in New York and former legal adviser to the New York City housing authority. At one time he was consultant to the United States Housing Authority and was counsel for the American Federation of Housing Authorities.

"It is easier for a Communist to attack capitalism," he said, "than to defend Communism, and with the Communist offensive on the morale front launched, the spotlight has been cast upon American slums more sharply than ever before. That Stalin chose the slums of the capitalist countries as his target is not surprising, for it has been one of capitalism's most glaring defaults. . . ."

"I believe that public ownership should be reduced to a minimum, but public building should be instituted to the maximum needed with all private mechanisms in the building operation employed and preserved intact."

MORTGAGE men were told that investments in well located and properly planned and managed shopping centers are good investments but warned that considerable discrimination must be used in making commitments because the record of investments in outlying shopping centers has not always been satisfactory. The speaker was Seward H. Mott, executive director of the Urban Land Institute of Washington. He told mortgage men that development of these suburban shopping centers must be done on the basis of a minimum of 500 families which will support a center of from 10 to 12 shops and 1,000 to 3,000 families to support 25 to 40 shops. Prime requisite is adequate parking space.

CONTRARY to what many city planners and municipal authorities are saying, the future of downtown business areas in the nation's big cities is promising, and it is not threatened in the foreseeable future by outlying markets and decentralization, A. J. Stewart, vice-president, Citizens Fidelity Bank and Trust Company, Louisville, told the mortgage bankers. He is a former director of the National Association of Real Estate Boards and is now chairman of the central business district of the Urban Land Institute.

"Short of atom bombs falling, the most stable realty values will prevail in well established downtown retail districts and, next, in central financial districts. There is real justification for believing that many of the older central business sections of our cities will be rehabilitated and have a much longer economic life than was thought possible before World War II. But the future of the twilight zones,

(CONTINUED ON PAGE 68)

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42.34	13-175	Blanche L. Everett
98.00	40-708	"
34.22	56-116	Dana Simpson
37.50	2-157	George Lee
75.00	72-41	"
750.00	2-31	"
37.50	50-454	Jane Rodgers
20.00	6-155	"
81.50	43-589	"
13.50	71-35	Lawrence Stone
1.67	"	"
1.43	1-22	"
25.75	25-27	Sampson's
35.25	71-254	"
76.00	"	Peterson's
110.75	3-167	"
1.75	"	"
3.75	"	"
10.00	"	"
374.65	"	"
3.00	"	"
2.89	"	"
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2.50	"	"
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The Mortgage Business Examines Its Future

(CONTINUED FROM PAGE 64)

where disintegration appears to be complete, is less certain; they will likely remain much as they are for some years to come until we have public acceptance of area-development schemes and skill to execute them."

THE Mortgage Bankers Association of America will actively support making 100 percent no-down-payment mortgage loans to veterans, John C. Thompson, Newark, New Jersey, new president of the organization, declared in a statement at the final session of the association's 34th annual convention. Members of the association, at their annual business meeting, said in a resolution that "it is the responsibility of mortgage lenders throughout the United States to implement the veterans' home loan program by making such loans without down payment."

IN the battle for freedom as this country has known it in the past, the next two or three years will be the most important time in our nation's history, mortgage bankers were warned by Ben H. Wooten, vice-president of the Republic National Bank of Dallas, Texas, at the banquet closing the mortgage bankers annual convention.

"Within the next few years, we are going to make a momentous decision, a far-reaching decision to which there may be attached as much importance as was given the one under which we went to war recently. This decision can be made very easily by neglect, but if properly made, it demands positive action. We shall determine whether or not we are going to continue to be pushed around by organized minorities or whether the majority of the American people are actually going to dominate our country. It was never intended that any minority group, whether rich or poor, should run this country, and I trust that no minority group shall ever be able to tell our Government what it has to do and get away with it. If we ever lose our freedom, it will not be because of any military might outside our borders. If we ever lose it, it will be the result of our having let it slip through our fingers as silently as the sand slips through the center of an hour glass."

Mortgage bankers meet: *left to right*, Roscoe C. Leach, Bankers Trust Company of Detroit; H. R. Templeton, The Cleveland Trust Company, and formerly chairman of the A.B.A.'s Committee on Real Estate Mortgages; and William G. Nelson of the Merchants National Bank in Chicago, long active in MBA's FHA division



Small Ways to Save Money

Eugene M. Mortlock, recently appointed to succeed Howard B. Smith as director of mortgage research, American Bankers Association, participated in a panel discussion on "Ways to Save Money in Mortgage Loan Operations," at the annual convention of the Mortgage Bankers Association of America. Mr. Mortlock asked some pertinent questions, including those below, pointing to small ways to save money in mortgage loan practices.

Do you use a homogeneous set of forms?

Are your files organized to facilitate inspections and are your legal documents in the same sequence?

Do your legal files include fire insurance policies? If so, this requires a periodical withdrawal from each folder at expiration date. Possibly a central maturity file would be an economy.

Do you attempt to record the mortgage receipt in a passbook? This requires a manual operation as well as mailing and stationery expense.

Do your liability records reflect extraneous information not conducive to routine supervision?

Do you require monthly reserves for taxes and insurance or does your system follow the dictates of the borrower?

Are your ledgers classified as to interest rates and are you in a position to relate this information effectively to your income control?

Does your control on delinquents reflect a daily picture or is it necessary to delve through all ledger records to determine the status?

How do you follow up on delinquents? Do you have a multiplicity of printed letters and forms which are often ignored, or do you follow with personal letters and calls?

If a mortgage payment is not received within the statutory foreclosure date, have you thought of imposing a nominal legal charge?

Do you collect fire insurance premiums as part of your monthly reserve or do you let the borrower pay the premiums direct? If handled by the borrower, do you then require the renewal with premium receipt to be in your possession 30 days before the expiration date?

Do you have a standard endorsement clause as a requirement?

On new loans closed do you accept existing fire policies with various maturity dates or do you insist on a brand new single policy renewable three years from date of loan?

Do you service your own insurance policies or do you employ an independent broker who is paid on a per item basis?

Do you service your own tax records or do you employ independent firms?

Have you thought about a program whereby you might induce the borrower to open up a special savings account with a static balance equivalent to six months' or one year's taxes?

On past due payments do you know the common growth of interest on your total delinquents?

What is your grace period, if any?

Does your mortgage provide for a late charge and do you collect it?

Does the borrower pay the cost of appraisals and credit investigations?

If you pay finders' fees do you have a cancellation arrangement if the loan is satisfied within a short period?



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New and proposed new bank quarters: *Top to bottom*, architect's drawings of remodeled safekeeping and safety deposit department of the First National Bank in Dallas, Texas; remodeled Burholme Office of the Corn Exchange National Bank and Trust Company, Philadelphia; new branch of The National City Bank of Cleveland; and photograph of first postwar branch bank in Arizona, First National Bank of Arizona, Phoenix

Bank of Tomorrow

JOHN J. McCANN

CONVENTIONING at the Waldorf-Astoria Hotel, New York City, last month, the Financial Public Relations Association staged a clinic on "bank quarters" among its many sessions on public relations and advertising media, and so gave this subject due significance as a tool for winning friends—and business.

Clinic leader David J. Gothold, vice-president of the Bankers Trust Company, Detroit, cautioned his audience on the primary need for functional planning. "You haven't achieved the 'Bank of Tomorrow,'" he said, "just because you have shifted the location of your cages, brought your officers out of hiding and dolled up your shop with some bits of plastic and a lot of chromium and stainless steel. Neither have you reached such a goal because your architect has converted your bank from a modified Greek temple to an open, severely modernistic, ultra-utilitarian business office."

He drew the point that the primary problem is the design of a functional plan that will handle today's business, and is easily convertible to handle tomorrow's business as efficiently as possible both for the staff and for customers.

The secondary problem, in his opinion, is to clothe the functional plan in material as enduring and free from upkeep and maintenance cost as it is possible to make it, and to design the housing so that it affords maximum comfort and pleasure to employees and the public.

These opening remarks stimulated a lively discussion on many aspects of the modern trend in bank design. While no particular brief was held against the severe modern architecture which appears to dominate the present-day scene, delegates concluded that in the stampede for streamlined quarters lies the risk of trading the old for the ultra-new, without regard for other and perhaps more suitable types of architecture.

It was generally felt that banks building in communities where a certain style or period of architecture dominates can well afford to investigate the adaptability of the prevailing style rather than construct a building completely out of harmony in its neighborhood. Many examples of the colonial architecture adopted by New England banks, and the Spanish theme of southern California, were cited to illustrate this point.

Discussion of interior design and layout centered largely on tellers' counters. Delegates whose banks had installed the so-called "friendly" counter were enthusiastic about this improvement, noting favorable public reaction and better employee morale. There was a feeling, however, that current styling is still a compromise with the high enclosed wickets, since most counters retain the high deal plate and the window wells are protected on either side by glass or wood partitions.

The ultimate in "friendly" counter arrangement—the height and depth of an ordinary store counter—has not yet been achieved—but evolution points in that direction. Teller protection and fear of inviting robbery, which make most banks hesitate to pioneer this innovation, seem not too

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well founded in the experience of one branch bank which reported attempted robberies in branches fully protected by high counter grills and the immunity of its branches which had installed the open counter.

Several delegates reported innovations in the styling of teller units. William Petersen, vice-president of The First National Bank of Boston, said his bank would soon test in one of its branches a specially designed roll-top section with high deal plate, coin safe and storage compartments. If this proves more advantageous than conventional counters, the units will be widely adapted in other branches.

ONE commonplace problem arising out of modernization and expansion programs concerned the shifting of service departments to new locations, frequently to another floor in the building, and the handling of traffic to the new location. One delegate said his bank had adopted the practice of enlisting the entire staff to direct customers for a full year after a department had been relocated. John N. Garver, vice-president, Manufacturers and Traders Trust Co., Buffalo, New York, said his bank organized a very effective campaign when the trust and mortgage departments were shifted from the main bank floor. Personal letters announcing the change were addressed to customers of each department, "open house" was held for a group of important customers, the announcement was made in the newspapers, and a personal escort was stationed in the lobby to direct customers unfamiliar with the change.

PERHAPS the most perplexing problem discussed at this clinic was that of handling traffic via drive-in banking or parking lots. Generally speaking, delegates whose banks offered drive-in services were satisfied with this solution, indicating that this service tends to attract business to neighborhood branches wherever installed. Ralph C. Ordway, vice-president of the Worcester County Trust Co., Worcester, Massachusetts, said his institution operated a parking lot with drive-in window away from the downtown area and discovered that one-third of the bank's customers used this facility, and that 19 percent of all check cashing was handled through this branch.

Much interest was evinced in the new materials—glass, wood, plastics and light metals, and the variety of layout plans and specific building problems portrayed in BANKING's building exhibit which was displayed at the clinic.

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Small Loan Law Unconstitutional

WHILE the Missouri constitution provides that rates of interest fixed by law shall be applicable generally to all lenders without regard to the type of classification of their business, the Small Loan Law of that state provides special high rates of interest on loans less than \$300 made by licensees under the act, and specifically forbids corporations doing business under the banking or loan and investment company laws from obtaining small loan licenses.

The state supreme court has, therefore, held the law unconstitutional in that it sets up, for a favored group, rates that are not available to lenders who cannot procure a small loan license.

The court held, however, that the constitutional provision itself is valid and does not prohibit the enactment of laws to classify different types of lenders, or to permit different rates of interest for different types of loans, so long as the rates provided for any type loan are available to all lenders without regard to the classification of their business. *Household Finance Corp. v. Shaffner*, 203 S.W. 2d 734.

Conflict of Chattel Mortgage Laws

Pennsylvania, which had "frowned upon the mortgaging of chattels" until the enactment of a chattel mortgage act in 1945, will apparently still frown upon any chattel mortgage which does not comply strictly with the provisions of the act.

The Pennsylvania act provides for filing of chattel mortgages and, in the case of motor vehicles, provides that filing shall not constitute notice of the mortgage lien unless a statement of the lien is also noted on the motor vehicle certificate of title.

When an automobile, properly mortgaged under New York law, which provides merely for filing, was removed to Pennsylvania without the mortgagee's

knowledge or consent and sold to an innocent purchaser for value, the Pennsylvania Superior Court refused to allow the mortgagee to recover possession because its mortgage had not been noted on the certificate of title.

The court explained that since chattel mortgages were contrary to the public policy of the state prior to passage of the act, courts cannot extend the provisions of the act beyond the clear intent of the legislature. The legislature made no exceptions in favor of mortgages executed under the laws of other states, and thus must have intended none.

While the principle of judicial comity between states might otherwise require the Pennsylvania court to enforce the valid New York mortgage, to do so in the present case, the court felt, would validate a transaction which contravened the settled public policy of Pennsylvania.

It was, therefore, held that between two innocent parties, the mortgagee and the innocent purchaser, the former must suffer because it had made the loss possible "by permitting the mortgagor to remain in possession of the automobile." *First Nat. Bank of Jamestown v. Sheldon*, 54 A.2d 61. PATON'S DIGEST, *Uniform Chattel Mortgage Act*, p. 952.

"Imposter Rule"

The Fifth Circuit Court of Appeals has applied the "imposter rule" to checks issued by the Federal Government. As defined in the federal courts, the rule states that a drawer cannot recover from a forwarding bank on its endorsement or from the drawee bank on its payment of a check which was drawn and delivered to an imposter under the mistaken belief that he was the person whose name he had assumed.

One Bertha Smith, posing as Beulah Gibbs, the unmarried widow of a veteran, had received, as the result of a fraudulent application to the Veterans Administration, six checks payable to

Beulah Gibbs. She endorsed Beulah's name and cashed them. When the fraud was discovered, the Government sought to recover from banks which had cashed the checks and guaranteed prior endorsements in the course of collection through customary banking channels.

The circuit court accepted as settled by the Supreme Court two principles: When the Federal Government becomes a party to commercial paper, it is bound by the same rules which govern private persons under the same circumstances; federal rather than state law governs controversies over commercial paper issued by the Government and in the absence of an applicable act of Congress the federal courts must fashion the governing rules.

In the absence of a controlling act of Congress or Supreme Court decision, the circuit court proceeded to "fashion the governing rule": The Veterans Administration had delivered the checks to Bertha in the belief that she was Beulah and intended that she should cash them. The defendant banks had required identification that she was the person who was intended to cash the checks. The facts brought the case squarely within the imposter rule, and, since the Government was not in a position superior to that of a private party in the same circumstances, it could not recover. *Continental-American Bank & Trust Co. v. United States* 161 F.2d 935. PATON'S DIGEST, *Forged Paper* §§4, 11.

Liability of Depositor for Agent's Checks

A California statute regulating the responsibility of a principal for checks drawn by his agent outside the scope of his authority has received its first court test since its enactment in 1925. The result is extremely favorable to depositor banks.

An insurance company authorized its bank to pay checks drawn by X, and

(CONTINUED ON PAGE 74)

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(CONTINUED FROM PAGE 72)

countersigned by Y, employees of the company's local office. In perpetration of a fraud, the manager of an oil company in which X was interested drew drafts against X and sent them for collection to the bank. The bank took the drafts to the insurance company office, and in return received company checks drawn to the bank's order, properly signed by X and Y. The insurance company had no interest in the oil company and X was concededly acting beyond his authority in drawing the checks.

When the fraud was discovered, the company endeavored to recover from the bank on the grounds that payment of drafts drawn on X by insurance company checks gave notice as a matter of law that X was acting beyond the scope of his authority.

The bank relied on §16A of the California Bank Act which provides:

Whenever . . . the owner of any deposit . . . subject to check in any bank . . . shall have authorized any person as agent . . . to draw checks . . . against said account, the bank, in the absence of written notice to the contrary, shall be justified in presuming that any check drawn by said agent . . . in the form or manner authorized by such principal, including checks drawn to personal order of agent . . . was drawn . . . within the scope of the authority conferred . . .

The District Court of Appeal which heard the case held that whether the bank had notice was a question of fact, not of law. Comparison of the form and the face of the drafts with the form and face of the checks did not constitute constructive notice to the bank, which was justified in presuming that checks drawn in the manner authorized by the insurance company were drawn within the scope of X's authority.

Although the company's checks provided on their face for specification of the purpose for which they were drawn, and on the checks in question this information was lacking, the court held that such specifications in any event were for the depositor's convenience and that the bank was not required to take notice of them or of their absence.

It was stated, however, that if the plaintiff's account had been for a special purpose, the decision might have been otherwise. *Boston Insurance Co. v. Wells Fargo Bank*, 181 P.2d 84. PATON'S DIGEST, Checks §7, Deposits § 22D:1.

Statutes of Limitation

The effect of state statutes of limitation upon causes of action authorized by federal law is illustrated by a Supreme Court decision involving Ohio and Pennsylvania stockholders of a

BANKING

Delaware corporation holding shares of an insolvent Kentucky national bank.

In a previous decision, the court had held that an assessment on the bank's shares might be made against the shareholders of the holding company. In consequence, suit was brought in federal district courts in Ohio and Pennsylvania to collect assessments against stockholders resident there. Both cases reached the Supreme Court on claims that statutes of limitation barred recovery.

There is no federal statute of limitation upon suits of this type. The court held that state statutes would control, and would begin to run when, under federal law, the Comptroller of the Currency was authorized to bring suit. This was held to be the day which the Comptroller's assessment order fixed for payment.

In suits against Ohio and Pennsylvania stockholders, the statutes of those states controlled. In each state the applicable statute barred suit after six years. The actions were brought within this time.

However, Ohio also has a "borrowing statute" providing that an action barred in the state where the cause of action arose will also be barred in Ohio, regardless of the Ohio statute. Pennsylvania has a similar statute.

Since the insolvent bank was located in Kentucky, the receiver's office was in Kentucky, and assessments were directed to be made at his office in Kentucky, the Supreme Court held that the bank was a citizen of Kentucky for jurisdictional purposes, and that the cause of action arose in Kentucky. The fact that its shares were controlled by a Delaware corporation did not alter the situation.

The applicable statute of limitation in Kentucky barred the action after five years. The suits were brought later than this time. Thus it was held that the borrowing statutes of Ohio and Pennsylvania eliminated their six-state statute, applied the shorter Kentucky statute, and barred both suits. *Cope v. Anderson*; *Anderson v. Helmers*, 67 S.Ct. 1340. PATON'S DIGEST, Corporations § 13A:13.

Liability for Overdrafts

That there are exceptions to every rule was recently pointed out to an insurance company which had bonded a bank against any loss through dishonest, fraudulent or criminal acts of its employees.

The bank's president, among other things, had allowed a coal company to overdraw its general checking account

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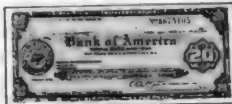
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by several thousand dollars. The overdrafts were discovered, and shortly thereafter the bank took over operation of the coal company, by virtue of a bill of sale which the bank president had obtained, in an effort to recover the losses.

The bank subsequently allowed additional overdrafts in order to meet the coal company's payroll and prevent cessation of its operations. When certain assets of the company were sold, the proceeds were deposited in its general checking account. Some of this money was then used to pay off obligations of the coal company, and the balance was applied to the "additional" overdrafts.

An agent of the insurer was apprised of the situation by the bank's directors and gave his approval of their course of conduct in the dealings with the coal company.

The bank eventually lost some \$21,000 on the first-mentioned set of overdrafts and sought to charge its loss to the insurer. The insurance company refused to accept the claim and in the resulting lawsuit maintained that deposit of the proceeds of the sale in the general checking account automatically paid off the original overdrafts and thus relieved the insurer of liability.

The Eighth Circuit Court of Appeals granted that the general rule is that credits are deemed to be made in extinguishment of the earliest liabilities of a running account in the absence of special allocation at the time of the receipt of the credit.

However, the rule is for cases where debtor and creditor are separate and distinct. In this case the debtor coal company and creditor bank "were one for all practical purposes, and since insurer had consented to the bank's handling of the business, it would seem that it, too, was included. All three in fact were acting as a unit in an effort to lessen or wipe out the loss."

Under the "exceptional circumstances" the general rule was held to be inapplicable, leaving the insurance company liable for the loss. *DuBois Nat. Bank v. Hartford Accident and Indemnity Co.*, 161 F. 2d 132.

Maxims for Trust Men

A New Jersey trust case sets forth many maxims for executors and testamentary trustees under the laws of that state and elsewhere.

A will, probated in 1930, contained a clause directing the executors as trustees "to invest said estate in legal securities . . ." The estate at the time consisted of non-legal securities.

A New Jersey statute allowed an executor or trustee to retain non-legal investments made by the testator "except where the will specially directs in what manner the trust funds shall be invested."

The executors, apparently unaware of the exception in the statute, and acting without advice of counsel, delayed some three and a half years in disposing of the non-legal securities. The securities market declined meanwhile and the estate suffered considerable loss.

In a suit to hold the executor-trustees liable for the loss, the New Jersey Court of Chancery held that the directions to convert the securities were mandatory, that ordinarily executors have a year within which to comply with such a mandate, but if good judgment dictates, the conversion should be in an even shorter period, and that in this case the delay was "unreasonable and evidential of gross negligence for which the executors should be charged."

Some further pronouncements of the court are interesting: The will of the testator is a law to the executors. The wisdom of testator's directions is not to be considered by executors or trustees. Where the will specifically defines the duties of executors or trustees, they have no discretion in the exercise of their powers. . . .

Retaining investments, legal or non-legal, is in effect making them. . . .

Due care and good faith cannot justify an executor or trustee who, under a mistake of law, intentionally does that which is prohibited or ignores a plain mandate of his testator's will. . . .

Investments contrary to the requirement of the testator's will are at the

risk of the executor or trustee who must personally answer for any loss that may result. . . .

If a trustee accepts property in which the executor has wrongfully invested the funds of the estate, or accepts non-legal investments retained by the executor, he may render himself liable to the beneficiary. . . .

Where the securities of a testator are retained by an executor or trustee pursuant to statute or a direction in the will, he is privileged to retain them only so long as they remain safe. . . . *Dickerson v. Camden Trust Co.*, 52 A. 2d 225, *Paton's Digest*, p. 3617, §§ 5:12-5:15.

Escheat

The Supreme Court of Wisconsin has ruled that the only expense which a bank may charge off against unclaimed bank deposits is actual reimbursement for the expense of publishing the required notice prior to the escheat of such funds to the state.

In forbidding an allowance for attorney's fees in this connection, the court amended an earlier ruling which seemed to have allowed courts, in their discretion, to permit banks to deduct additional expenses from escheating accounts. *State v. First Wisconsin Nat. Bank of Milwaukee*, 26 N. W. 2d 161, *PATON'S DIGEST*, Deposits, Op. 17:1.

Jurisdiction to Sue National Bank

National banks are not only created and governed but also protected by federal legislation, which state courts must recognize and respect.

While a national bank may sue and be sued in a state court, such suits are subject to the limitations imposed by Congress on the jurisdictional power of the state courts to hear them.

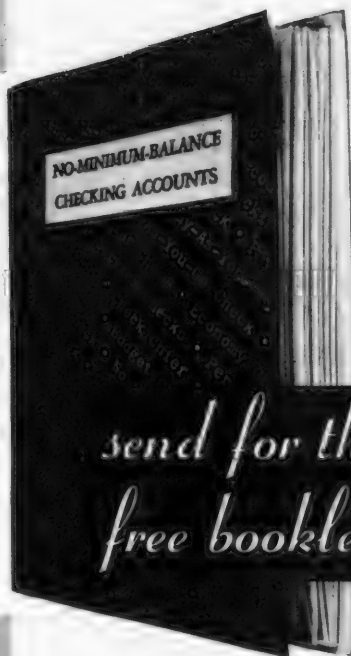
The U. S. Code provides that no injunction may be issued against a national bank before final judgment in a state court suit. On the basis of that statute the New Jersey Court of Chancery recently refused to enjoin a national bank from amending its articles of association and executing a proposed plan for increase of its common stock.

In this suit, relating to its internal government, the national bank had a direct interest. The court hinted, however, that the rule might not apply in cases where the bank had no direct interest. *Bachman v. First-Mechanics Nat. Bank*, 51 Atl. (2d) 114, *PATON'S DIGEST*, Legal Proceedings, Op. 1A:3.

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(CONTINUED FROM PAGE 33)

Treasury Surplus Prospects

More and more will be heard of the prospect for an even larger Treasury surplus than the \$4.7 billion predicted in August by the President. Proponents of tax reduction are saying that the volume of income payments has risen so much in recent months as to make obsolete the \$4 billion increase in estimated revenues carried in the budget revision. It is noted that as far back as last Spring, proponents of tax reduction asserted that the \$4

billion revenue estimate boost was due.

In any case there is every determination, with or without foreign aid, to push through a tax cut for individuals similar to that which failed in the face of two presidential vetoes. It is said that such an individual income tax reduction bill cannot over-ride a veto unless it includes a section authorizing husbands and wives in all states to file separate returns and divide their income.

There is also a belief that foreign aid can be held to somewhere around \$4.3 billion—the amount being spent currently for international aid—without threatening to make too big a dent in the prospective surplus.

It can also be anticipated that the majority in Congress will make a determined drive to cut federal expenditures. The difference between the drive announced at the opening of the 1947 session and that which will be made next year will lie in the lack of fanfare and advance claims of accomplishment for the new program. The Congressional majority learned last year how difficult it is to form a judgment as to the feasibility of cutting any given item of expense, with the Administration both holding most of the information on which a judgment could be based, and determined to yield nothing for economy.

The Prospect for Tax Relief

Along with a cut in taxes will come a drive to enact business tax relief. Such an endeavor, however, appears unlikely to succeed. The first attention of Congress will be directed at getting through the personal income tax cut. Business tax relief will be opposed, for the most part, by the Administration and organized labor, so it will take time. The disposition of Congress in a national election year is to adjourn early in the Summer. So there probably will not be time to put through business tax relief, which would be tied into a prospective bill for general revision of the tax laws.

Regardless of what finally happens to tax reduction, curtailment of expenditures and foreign aid, however, commercial banks probably will be unable to replace much of the maturing issues of long-term federal bonds with similar new issues.

On the basis of the revised budget estimates, the Treasury will have around \$1.2 billion more than it would need to pay in full some \$6.8 billion of long-term issues maturing between October 15 and the end of next June. This available cash will arise from the prospective budget surplus, the surplus in the cash budget and the reduction of the general fund balance.

While foreign aid may take a considerable sum, the Treasury also will be put in cash from net sales of savings bonds and the new non-market bond, sale of which is expected to be reopened from time to time.

Hence a very large proportion if not very nearly all of the maturing long-term market issues held by the banks may be paid off during the balance of the fiscal year.

On the other hand, banks are expected to pick up some of the large volume of forthcoming issues of high-grade corporation and municipal issues.



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Low Cost Loans to Students

A Texas bank has an important role in a loan plan that will help Dallas County boys through college.

The First National Bank in Dallas and administrators of the McGhee Foundation have announced that George C. McGhee, Dallas oil man, will underwrite loans made by the bank to deserving youths who want to continue their educations. Graduates of the county high schools who need financial aid may apply for liberal loans through the Foundation, said H. Y. Scurlock, vice-president of the bank and director of the college loan program.

Mr. McGhee, who established the Foundation about a year ago, expressed his gratitude to the First National for its generosity and foresight in undertaking this project. "It is obvious," he added, "that the program is not profitable from a banking standpoint and is only being administered as a public service in helping worthy Dallas County students obtain a college education."

Mr. Scurlock explained that upon approval of the Foundation the bank



Vice-president H. Y. Scurlock of the First National Bank in Dallas congratulates Larry Vivrett who received the first loan made by the bank and the McGhee Foundation

would grant the loans "at interest rates barely sufficient to cover administration expenses." Repayment will begin with very nominal instalments four months after the student has com-

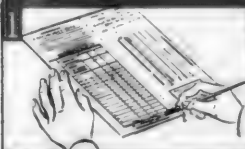
pleted his education and obtained employment.

The first loan was made this Fall to 18-year-old Larry Vivrett. He is continuing his studies at Southwestern Medical College.

When Mr. McGhee began considering a way to use part of his fortune to help young men get an education he called in his old friend, Grady Spruce, who for 25 years was director of the Downtown Y.M.C.A. in Dallas and who had helped the oil man get a scholarship to Southern Methodist University. They developed the Dallas Guidance Service and the McGhee Foundation. The service, operated by a group of local business and professional men, makes available to every senior boy in the high schools of Dallas County the counsel and guidance of his experienced elders. More than 700 boys have taken advantage of this opportunity during the past year.

The announcement of the bank loan plan said that Mr. McGhee had agreed to underwrite credits to the extent of several hundred thousand dollars.

ROCKMONT "DEPOSIT BY MAIL"



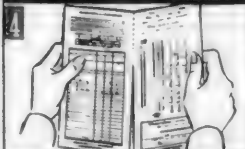
1 Customer makes out deposit slip according to your exact size and with metal tabs you now use.



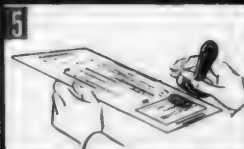
2 Depositor writes his name and address on acknowledgment slip.



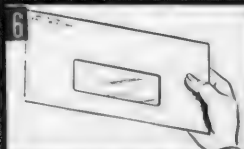
3 Customer places letters in mail box, knowing that deposit will be handled without delay and a full set of deposit slips returned.



4 Four letters from all deposit slips made to correspond with your present size.



5 Customer stamps acknowledgment and date of deposit slip, then mail already being addressed by the depositor.



6 Each letter goes in window on windowed deposit slip and return envelope FREE ENCLOSED BY ROCKMONT.



7 Acknowledgment slip on which depositor has written his name is slipped in window envelope, then addressed by you.



8 Envelope is ready to mail, hand to depositor complete with new deposit slip and return envelope.



9 Depositor inserts new acknowledgment and new set, ready to mail next deposit.

**Pleases your depositors
...economical to handle!**

Proven the most economical letter because ROCKMONT and the depositor don't for you system is delivered pre-addressed, ready to mail. Simple, convenient and practical.

**Send in coupon for FREE SAMPLE
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ROCKMONT ENVELOPE COMPANY
Acoma at Speer, Denver, Colo.

Please send FREE SAMPLE of Rockmont "Deposit by Mail" system. No Obligation.

Name of Bank _____

Address _____

City & State _____

Per _____

ROCKMONT ENVELOPE COMPANY...Denver

for over 27 years builders of fine envelopes



Other Organizations

Florida Bankers Agricultural Program

FARMERS, ranchers and growers will benefit both directly and indirectly as a result of the program adopted by the agricultural committee of the Florida Bankers Association. A. A. McKethan, president of the association, and president of the Hernando State Bank, Brooksville, announced the eight-point program as follows:

(1) Cooperation with other organizations in and promotion of soil and water conservation.

(2) Continued and increasing stress to be placed on importance of youth activities including 4-H Club and FFA work.

(3) Sponsoring of bank-farmer-rancher meetings.

(4) Promotion of Bankers Agricultural School at College of Agriculture, University of Florida.

(5) Assistance in revision of and encouraging use of the booklet, *A Method for Taking a Farm Inventory*, a publication of the University of Florida.

(6) Cooperation with Extension Service, county agents and agricultural trade associations.

(7) Development, in cooperation with College of Agriculture, University of Florida, of a set of "yardsticks" for measuring efficiency of farming in Florida.

(8) Encouraging appropriate use of County Board of Commissioner scholarships to College of Agriculture, University of Florida.

"This is the best agricultural program we have ever had. With all of our 173 member banks actively supporting it, banks and agriculture cannot help but move ahead," said Mr. McKethan.

"People and Banking"

The Connecticut Bankers Association initiated a public relations letter in September to be issued to its membership at irregular intervals. For convenience in keeping the letter and other material distributed by the public relations committee, each CBA member is supplied with a loose leaf binder.

Savings Bankers Hold Bank Management Meeting

The Savings Banks' Association of Connecticut held its second annual bank management conference at the New

Haven Lawn Club, New Haven, on October 22. John B. Mack, deputy manager, American Bankers Association, and manager of its Advertising Department, addressed the conference on "Selling Your Service." Howard B. Smith, treasurer, The Middletown Savings Bank, Middletown, Connecticut, and formerly director of Research in Real Estate and Mortgage Finance, spoke on "Underwriting of Mortgage Credit." Other subjects and the speakers were: "Personnel Relations," J. Stanley Brown, vice-president and personnel director, Chemical Bank and Trust Company, New York; "Current Appraisal Problems in the Home Financing Field," Albert W. Lockyer, appraiser, M.A.I. and real estate consultant, Prince and Lockyer, White Plains, New York; "Peering into the Crystal Ball—An Appraisal of some Near-Term Banking Problems," Frederick S. Blackall, Jr., president and treasurer, Taft-Peirce Manufacturing Company, Woonsocket, R. I., and director, Federal Reserve Bank of Boston. L. K. Elmore, deputy bank commissioner of Connecticut, also addressed the conference.

New Publication for N. J. Savings Bankers

The New Jersey Savings Banker is a monthly publication of The Savings Banks Association of New Jersey, initiated in October. The subject of a monthly publication had been under consideration for several years.

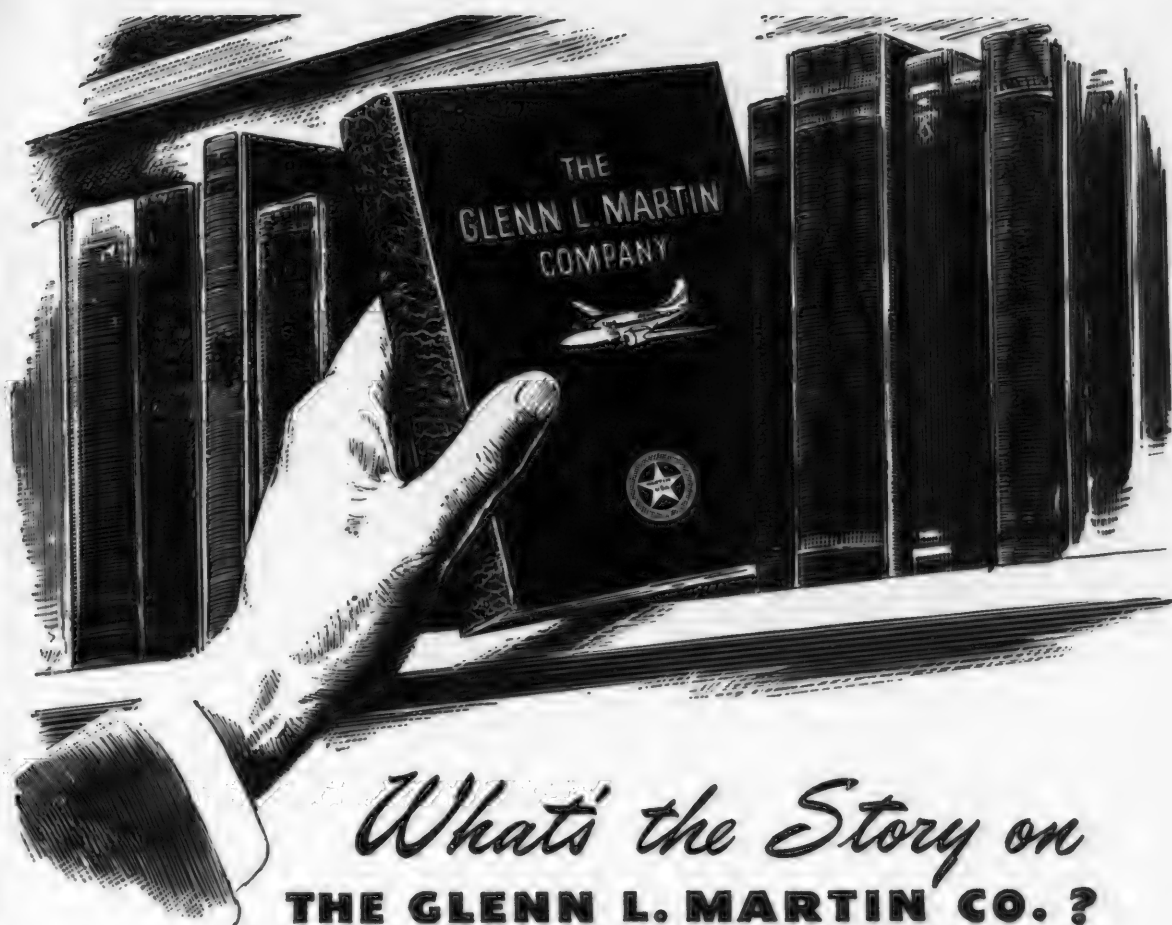
The purpose of the publication is to keep the membership fully informed not only of the activities of the association but also of the news and events of national, state and local interest to the mutual savings banks of New Jersey.

"Until very recently it has been charged that banking generally has lagged behind most other industries in fostering good public relations," said Thomas A. Loughlin, president of the association, in the first issue, "and I fear this has been true in the past with respect to the savings banks of New Jersey. . . ."

"While humble in its beginning, this paper could be a first step toward a more
(CONTINUED ON PAGE 82)

Convention of Savings Banks Association of Connecticut, held at Manchester, Vermont. Left to right: Executive Secretary Harold Roberts, Hartford; President Carl G. Freese, vice-president and treasurer, Connecticut Savings Bank, New Haven; and Vice-President Harold P. Splain, president, Savings Bank of Danbury, Danbury, Connecticut





What's the Story on THE GLENN L. MARTIN CO. ?

CHAPTER I. With production well under way, Martin 2-0-2 airliners are now entering service on leading airlines. Martin 3-0-3 airliners are well along in flight tests.

CHAPTER II. Six military types are in production or development by Martin for the Air Force and the Navy. Martin is also manufacturing aerial gun turrets . . . huge Neptune-type rockets for the Navy. Other new developments, as yet unannounced, presage additional military business.

CHAPTER III. Martin Plastics and Chemicals Division will shortly enter large-scale production of Marvinol resins . . . versatile plastic raw materials with broad uses throughout industry.

CHAPTER IV. Other concerns, both here and abroad, are manufacturing Martin developments under licensing agreements. Thus, U. S. Rubber Co. manufactures Martin flexible fuel tanks—U. S. Plywood Corp. is manufacturing Honeycomb structural material—and numerous other Martin inventions are licensed to other companies.

CHAPTER V. New developments include Strato-vision, the re-broadcasting of television and FM from planes to eliminate need for

costly coaxial cables or relay stations. Strato-vision is a joint project of Martin and Westinghouse Electric Corp. Helicopter research is being pushed by Martin Rotawings Division.

CHAPTER VI. Important research contracts have been awarded Martin by the military services. Projects include guided missiles, electronics, new forms of propulsion, supersonic speeds. *Better products, greater progress, are made by Martin!* The Glenn L. Martin Company, Baltimore 3, Md.

Martin

AIRCRAFT

Builders of Dependable  Aircraft Since 1909

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MANUFACTURERS OF: Advanced military aircraft • Aerial gun turrets • Guided missiles • Outstanding commercial planes for both passenger and cargo service • Marvinol resins (Martin Plastics and Chemicals Division) **DEVELOPERS OF:** Rotary wing aircraft (Martin Rotawings Division) • Mareng fuel tanks (licensed to U. S. Rubber Co.) • Honeycomb construction material (licensed to U. S. Plywood Corp.) • Strato-vision aerial broadcasting (in conjunction with Westinghouse Electric Corp.) • Aircraft ground-handling equipment (licensed to Aircraft Mechanics, Inc.) **LEADERS IN RESEARCH** to guard the peace and build better living in many far-reaching fields.



Just Published— **This New Book**
May Save Your Customers THOUSANDS OF DOLLARS
in the Next 12 Months

TODAY it is vitally important for your customers to have a sound credit policy. Credit losses are climbing, and no one knows how far this trend will go. *It's time for your customers to watch their receivables.*

"HOW TO PLAN CREDIT POLICY" was written to give businessmen and their financial advisers the information they need to meet these current conditions. This book shows, with actual case histories, the procedure by which shaky accounts can often be detected before they become delinquent. It outlines the methods whereby executives can avoid squandering their time . . . by formulating policy rather than executing credit details. It explains the basic principles of all credit policy.

Finally, "HOW TO PLAN CREDIT POLICY" tells, with charts and examples, how the MINMAX Principle of Credit

Control, accomplished through Credit Insurance, permits accurate budget calculation . . . provides freedom from unexpected credit losses and prevents an excessive number of delinquent accounts, thus safeguarding working capital and profit. It shows why many banks now advise customers to carry American Credit Insurance, and some insist on this added protection in granting commercial loans. *(The bank may now be included as a named assured without charge.)*

We will be glad to send you "HOW TO PLAN CREDIT POLICY" without cost or obligation. Write for your copy today. Address: American Credit Indemnity Company of New York, Dept. 45, Baltimore 2, Md.

J. E. W. Fisher
 PRESIDENT

American
Credit Insurance
Guarantees Payment
of Accounts Receivable



OFFICES IN PRINCIPAL CITIES OF UNITED STATES AND CANADA

concerted and effective public relations program that might at least approach the success of our competitors in their related activities."

Western States Secretaries Conference

The annual meeting of the Western States Secretaries Conference will be held at Grand Canyon, Arizona, Monday and Tuesday, November 10 and 11. This conference is comprised of the following 10 western states: Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Washington and Wyoming. Representing the American Bankers Association: William T. Wilson, secretary of the State Association Section, New York; Robert W. Kneebone, deputy manager of the A.B.A.'s Chicago office; Harry Hausman, Chicago, secretary of the Illinois Bankers Association and president of the State Association Section; and Paul W. Albright, New York, general secretary of the Savings Banks Association of the State of New York and vice-president of the A.B.A. State Association Section. The two-day meeting will be spent mainly in "shop talk" relating to state bankers associations' problems.

Taft-Hartley Act

The Commerce and Industry Association of New York has compiled a textbook entitled *Operating under the Taft-Hartley Act*, which is being made available to business organizations. It is based on a series of seminars held in July at which 15 industrial relations experts discussed the new labor legislation and answered questions about it.

Arthur L. Moler, new president of the Robert Morris Associates, and vice-president, Fifth Third Union Trust Co., Cincinnati, Ohio



With the A. B. W. in Convention

FEMININE charm, frills, teas, luncheons and formal dinners lent sparkle to an otherwise business-like affair—the 25th annual convention of the Association of Bank Women. Around 170 women bank officers from all parts of the country gathered in Atlantic City late in September to learn more about banking and to take inventory of the nation's dilemma, beset, as it is, by innumerable vicissitudes of staggering proportions. Also of major concern to the delegates was the growth and progress of the association. Willa A. Riley, association president, who is assistant vice-president of the Florida National Bank of Jacksonville, presided at the business sessions.

Frederick A. Potts, president of the Philadelphia National Bank, Philadelphia, Pennsylvania, was the guest speaker at a dinner meeting at which Mary A. Roebing, chairman of the board of the Trenton Trust Company, Trenton, New Jersey, was the presiding hostess. Mrs. Roebing was chairman of the convention committee on arrangements and entertainment.

In developing his theme, "Banking: Its Most Pressing Challenge," Mr. Potts said: "This is the most pressing challenge confronting us today! *Are banks to be nationalized or not?*" It was his thesis that banks are in danger of nationalization unless we have an informed and alert electorate. He quoted from a recent survey by the Opinion Research Corporation for the Association of Reserve City Bankers to illustrate his point, revealing that the survey disclosed that 22 percent of our people favor government ownership of the banks.

"Of the teachers contacted (in the survey), 19 percent were in favor of government ownership of the banks,"

Award Winner Whitby



A. B. W. leaders—left to right, Anne H. Sadler, past A. W. B. president and assistant treasurer, Bank of the Manhattan Company, New York; President Riley; Secretary Walker; General Convention Chairman Staub; Treasurer Lambert; and Augusta M. Falvey, A. B. W. regional vice-president, who is vice-president, National Shawmut Bank, Chelsea, Massachusetts

said Mr. Potts. "Keeping this in mind, the following study by the National Industrial Conference Board gives cause for thought:

"On January 1, 1947, of the 140 million people in this land, 90 million Americans had no adult experience with the 1929 crisis; 83 million had no adult experience under a Republican administration; and 63 million had no adult experience with a free market for cars, homes, clothing and other consumer goods."

He called for a program of education through the schools, the press, and national organizations to "expose this large percentage of the population to a more intimate knowledge of American history."

Talks on bank operations and services by A.B.W. members and a trust skit entitled "What Every Woman Should Know" featured the second day's program. Manuella C. Taylor, vice-president, Pascagoula-Moss Point Bank, Pascagoula, Mississippi, spoke on "Country Banking At Its Best" and Helen R. Feil, assistant secretary, The Dime Savings Bank, Brooklyn, on "Personnel: Assets or Liabilities?" The trust skit was written by Edith Halfpenny, assistant trust officer, The Torrington National Bank and Trust Company, Torrington, Connecticut, who participated in the skit with Mae R. Cooke, trust officer of Torrington National, and Helen C. Finn, assistant trust officer of The First-Stamford (Connecticut) National Bank & Trust Company.

The crest of interest was reached at the annual banquet on Saturday evening, when the association's Jean Arnot Reid award was presented to Mildred N. Whitby, teller-bookkeeper of the National Bank of Olyphant, Pennsylv-

vania, a member of Scranton Chapter of the American Institute of Banking. The award, established in honor of a former A.B.W. president and founder, consists of an engrossed scroll and a \$100 scholarship fund.

Miss Whitby was selected for this honor from a group of 12 women who had received the highest average grades for the entire country in the A.I.B.'s standard certificate course in 1946 and who received their standard certificates last year. The A.B.W. has additional standards by which it measures the qualifications of candidates, such as community service and a professional attitude toward bank work. Miss Whitby won her graduate certificate in 1947.

MISS WHITBY entered banking as a secretary in 1930 and subsequently has served Scranton Chapter as chairman of several committees, as chapter president and presently as a member of its board of governors and of the Institute's national publicity committee.

For distinguished service during the war, Miss Whitby received special recognition from the American Red Cross and several citations from the United States Treasury Department.

Alice H. Whitton of the Burke and Herbert Bank and Trust Company, Alexandria, Virginia, was chairman of the founders' tribute committee.

The banquet was addressed by Vera Micheles Dean, director of research of the Foreign Policy Association of New York City, who spoke on "Our Responsibilities in World Affairs." Mrs. Dean was presented by Nancye Blackwell Staub of the Morristown Trust Company, Morristown, New Jersey, and chairman of the general convention committee.

Miss Riley was elected to succeed herself as president of the Association of Bank Women and Ruth E. Ford, vice-president of the Citizens National Bank of Lubbock, Texas, was elected vice-president of the association. Miss Ford succeeds Mayme E. Bonham, assistant cashier of the Security Branch, Citizens National Trust & Savings Bank, Riverside, California.

Rebecca Lambert, auditor of the Upper Avenue National Bank of Chicago, Illinois, was elected national treasurer of the A.B.W., succeeding Emma C. Reitmeier, vice-president of the First National Bank in Spokane,

Washington. Helen M. Ransom, manager of the women's department, Barnett National Bank, Jacksonville, Florida, was reelected recording secretary and Hester May Walker, manager of trust department operations, Trust Company of Georgia, Atlanta, was reelected corresponding secretary.

Eight regional vice-presidents were elected as follows: *Lake*: Gladys W. Finkle, trust officer of the Oak Park Trust and Savings Bank, Oak Park, Illinois; *Middle Atlantic*: S. Winifred Burwell, assistant trust officer of The National Metropolitan Bank of Washington, D. C.; *Mid-West*: Esta Conn,

assistant cashier of the Security Savings Bank of Marshalltown, Iowa; *New England*: Augusta M. Falvey, assistant to the vice-president of the Chelsea Square Office, National Shawmut Bank, Chelsea, Massachusetts; *Northwestern*: Marguerite Patton, assistant cashier of the Seattle-First National Bank, Seattle, Washington; *Southern*: Manuella C. Taylor, vice-president of the Pascagoula-Moss Point Bank, Pascagoula, Mississippi; *Southeastern*: Eunice M. Stone, vice-president of the Valley State Bank, San Juan, Texas; *Western*: Emma M. Anderson, director, cashier, secretary-treasurer of the Covina National Bank, Covina, California.

President Riley started her banking career as a clerk in the Bank of Ripley, West Virginia, and in 1917 became affiliated with the Florida National Bank in Jacksonville as a clerk in the loan and discount department. Three years later she was made manager of the department. In 1942 she was elected an assistant cashier of the bank and was advanced to assistant vice-president in August 1947.

She has been an active A.B.W. member since 1939; was southern regional vice-president in 1943-44; served a two-year term as national vice-president; and was elected president at the convention in Chicago last year.

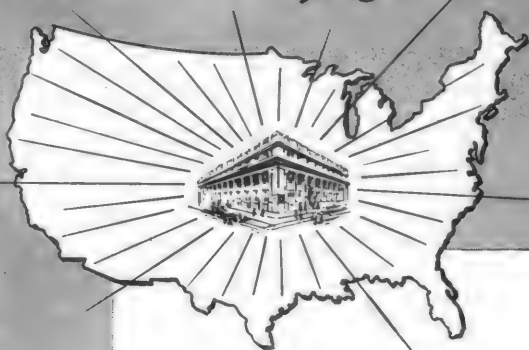
MISS FORD became associated with the Citizens National in 1923 and, after practical training in every department of the bank, was elected assistant cashier in 1926. In 1944 she was promoted to vice-president in charge of personnel and new accounts.

The convention came to a close on Sunday evening with a reception and formal dinner in honor of President Riley and the A.B.W. delegates given by The Florida National Bank and Mrs. Alfred I. duPont. Mrs. duPont is a director of the Florida National and an active A.B.W. member.

Vice-president Ford



1857 90 Years of Progress 1947



The BOND DEPARTMENT

of this bank is maintained to serve you in the purchase and sale of government and municipal bonds.

By reason of our activity and our direct wire facilities to our own New York office we feel qualified to offer competent advice and quick service.

If you are not receiving our daily quotation service we would be pleased to add your name.

The officers and personnel of this department invite your inquiry.

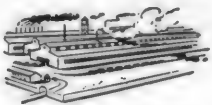


MEMBER FEDERAL DEPOSIT
INSURANCE CORPORATION

Since 1939 . . .



—FOREST PRODUCTS COST RAILROADS 171.3% MORE



—IRON AND STEEL PRODUCTS COST RAILROADS 47% MORE



—FUEL (COAL AND OIL) COSTS RAILROADS 81.9% MORE



—WAGES & WAGE TAXES COST RAILROADS 75.5% MORE

(Only recently an Arbitration Board raised annual wage costs \$50,000,000 on the Pennsylvania Railroad alone.)

RAILROAD FREIGHT RATES MUST KEEP PACE



IT'S UNFAIR TO THE PUBLIC

to deny railroads reasonable increases in freight rates so that service can be improved.

While industry is obtaining higher prices to meet its increased costs, it should not overlook its own need for adequate and efficient railroad service—that the country may continue to grow and prosper.

Industry is prosperous when the railroads are prosperous.

Railroad operating costs have increased more than 65% since 1939. Freight rates have advanced but 28%. An unsound situation which cannot continue.

PUBLISHED IN THE INTEREST OF 218,000 STOCKHOLDERS

PENNSYLVANIA RAILROAD

 *Serving the Nation* 

The Trust Man's Contribution

SPEAKING to the Financial Public Relations Association (formerly F. A.A.) convention on "A Trust Department's Contribution to Its Bank and to the Community", James W. Allison, vice-president, Equitable Trust Company, Wilmington, Delaware, said:

"Inherent in trust business there are standards of care, of integrity, of technical ability and of sound judgment that we trust men must keep ever before us and before our associates who

are in training to succeed us. In our endeavor to provide good trust service, both on the human side and on the business side, we have always to remember a great number of duties, obligations and responsibilities. Thanks to many able and devoted men, living and dead, we have effective guideposts in the Statement of Principles of Trust Institutions, in Regulation F, in joint statements covering our relationships with life insurance underwriters and

with members of the Bar, and, of course, in the cases decided by our courts and in the treatises on trust law."

Mr. Allison, former president of the American Bankers Association's Trust Division, continued:

"The paths along which these guideposts direct us are familiar to trust men. Many of them unfortunately are at first unfamiliar to our associates in other departments of our banks, and likewise to our customers. The unfamiliar, as we all know, is in danger of being thought unreasonable.

"For example, suppose that a valued bank customer, who is also a trust beneficiary, tells a friend in the commercial department of the bank that he has suggested to a trust officer a sale or a purchase or an expenditure of principal which the trust officer has told him cannot be made. The suggested action may be one that seems to the bank officer beneficial to the bank and to the customer. He finds it difficult to understand why the trust officer doesn't look on it just as favorably.

A FRIEND of mine who became a trust officer after having been a bank officer for a number of years, put the reason this way: 'When I was a loan officer and a customer came to my desk seeking some action, I had only to consider whether what he wanted could be done without disadvantage to him or to the bank. Now there is another factor that has to be considered first—our obligation to look out for the interest of the trust and all its beneficiaries. It was not easy to make this readjustment in my thinking as quickly as I had to make it.'

"The gratitude of people who receive help when they need it provides a lasting sort of satisfaction that has to be experienced to be appreciated. Widows grateful to have been relieved of the worries and burdens of estate settlement, young people educated, old people cared for in their declining years, are examples to be found in the recollection of anyone who has been close to trust department work.

"The good news to me, and I hope to you, is that trust people are seeking and finding new ways to bring to more and more people the help that trust departments can provide, and thus to increase the contribution made by their trust departments to their banks and to their communities."



WE ARE PLEASED TO ANNOUNCE

*The Election of the Following Officers
of this Independent Banking Institution*

HAROLD W. BROWN

as
PRESIDENT

WADE E. BENNETT

as
FIRST VICE-PRESIDENT

E. F. SCARBOROUGH

as
SECOND VICE-PRESIDENT

RALPH PETERSON

as
VICE-PRESIDENT



HOLLYWOOD STATE BANK

"The Bank of Friendly Service"

SANTA MONICA BLVD. AT HIGHLAND AVE., GL 4151

An independent bank... where you deal
directly with principals and top executives... where you
receive helpful, friendly service.



Put Your Money on the High Producer

● The more cow-feed costs, and the higher farm wages go, the more milk a cow must give to pay for her keep and care. Only a high producer can earn her way plus a profit for her owner.

It's the same way with the farmer himself, or his hired man. How much he can earn depends mainly on how much he produces in a season, and that is measured pretty much by the amount of farm work he can do in an hour, day after day.

It long has been the habit to talk about yields per acre. *Today the thing that counts is yield per man.* Better farm animals and better crop varieties add to the yield per man, but the thing that really multiplies a man's capacity to produce is modern farm machinery.

For more than a century Case has been creating machines to boost yields per man. They are built with extra ENDURANCE which makes them chattels of sustained value. They are generally bought by farmers of the sort who are sought as bank customers. This Company and its dealers believe that the financing of farm machinery is business that belongs to local banks. J. I. Case Co., Racine, Wis.

With the Case forage harvester one man in one hour cuts, chops and loads 10 or 12 tons of corn for silage. Fitted with windrow pick-up, the same machine chops and loads green hay for silage, cured hay for compact storage and efficient feeding, combined straw for bedding.



CASE



BANKING NEWS

A.B.A. to Hold 1948 Convention in Detroit

Opens Sept. 26 in Home City of President Dodge

The 74th annual convention of the American Bankers Association will be held in Detroit, Sept. 26 to 29, 1948.

The invitation to hold next year's meeting in Detroit was extended in behalf of the Detroit Clearing House Association by its president, Charles T. Fisher, Jr. Mr. Fisher, who is president of the National Bank of Detroit, stated that the bankers of his city felt it would be most appropriate to hold the convention there while one of their colleagues, Joseph M. Dodge, president of The Detroit Bank, is head of the Association.

Local committees of Detroit bankers are to be appointed about Jan. 1. Hotel application forms for room reservations will be sent to the A.B.A. membership in late February or March 1948. All applications for room reservations will be handled by the local hotel committee when it is organized early next year, and no applications will be accepted by the hotels directly.

Official forms for requests for rooms will be mailed to the membership in plenty of time, and no applications will be considered unless on the official forms.

Earnings-Expenses Study of Banks Is Published by A.B.A.

The tenth annual study of earnings and expenses of all insured commercial banks in the United States for 1946 has been completed by the Bank Management Commission of the American Bankers Association. It shows that of the 13,193 banks with total deposits of \$136,514,226,000, 8,218 state banks had deposits of \$58,026,660,000 and 4,975 national banks had deposits of \$78,487,566,000.

This study enables banks to compare their own earnings and expenses with other banks of their own size and in their

U. S. Merit Certificate Is Awarded to Selecman

Merle E. Selecman, secretary of the American Bankers Association, has been awarded the Certificate of Merit by President Harry S. Truman, in recognition of his services as an official of the American National Red Cross in Europe.

Mr. Selecman was on leave of absence from the A.B.A. to serve as assistant to the commissioner of the American National Red Cross for Great Britain and Western Europe.



M. E. Selecman

The commissioner was the late Frederick A. Carroll, vice-president of the National Shawmut Bank of Boston, who was on leave from his bank. Mr. Carroll lost his life in an automobile accident in France, and Mr. Selecman was seriously injured in that accident.

Richmond B. Keech, secretary of the Medal for Merit Board, in transmitting the award to Mr. Selecman wrote: "I take pleasure in forwarding to you the President's Certificate of Merit in recognition of your outstanding services as assistant to the Commissioner of the American National Red Cross for Great Britain and Western Europe, which proved to be an invaluable contribution to the war effort of the United States."

Mr. Selecman also holds the United States Treasury Award for distinguished services on behalf of government war financing.

own states or in other states.

This booklet has been distributed to members of the American Bankers Association.

Mid-Continent Trust Men to Hear Leaders

New developments by industry which will contribute to national stability, and the outlook for business in the months ahead, will be discussed by prominent leaders at the 16th A.B.A. Mid-Continent Trust Conference to be held at the Drake Hotel, Chicago, Nov. 6 and 7. R. M. Alton, vice-president in charge of the trust department of the United States National Bank, Portland, Ore., is Division president.

Among the speakers addressing the four sessions of the conference are: Joseph M. Dodge, president of the American Bankers Association and president of The Detroit Bank; Dr. Howard R. Bowen, dean of College of Commerce, University of Illinois; Dr. Gustav Egloff, research director, Universal Oil Products Company, Chicago; Tappan Gregory, president, American Bar Association; John L. McCaffrey, president, International Harvester Company; and other outstanding bankers, attorneys, and businessmen.

A.B.A. Ad Programs

A savings and a year-end newspaper and direct mail advertising program were completed last month by the Advertising Department of the American Bankers Association.

The savings program consists of 10 newspaper ads, a series of double view savings cards and a lucite holder for display on bank counters and desks, and four folders.

The second campaign is composed of two new "I thank you" folders, suitable for year-end mailing to express appreciation for customer patronage; a Christmas Club blotter; and two series of newspaper advertisements of four mats each, one of which is illustrated with cartoons by a well-known artist, and the other, with Santa Claus silhouettes. Also included were two loan folders, "Choose the Bank Loan that Meets Your Needs" and "How to Get a Personal Bank Loan."

Southeastern Bankers to Meet in Augusta, Ga.

Savings, Mortgages on Nov. 20-21 Agenda

Bankers in six southeastern states will participate in the savings and mortgage conference to be held in Augusta, Ga., Nov. 20 and 21 under auspices of the A.B.A. Savings Division.

Leading authorities on savings banking and mortgage lending will address the conference. Joseph M. Dodge, president of the Association and president of The Detroit Bank, is one of the speakers.

L. A. Tobie, head of the Division and president of the Meriden (Conn.) Savings Bank, in his letter of invitation to the conference, said that considerable time would be given to open discussion in which members of the audience would participate. The program will not be completed until early November so that the most timely and constructive subjects can be covered.

"Inasmuch as the conference will deal with both policies and operations," President Tobie added, "it is hoped that if possible both executive and operations officers will be present. Since the meeting will be a shirt-sleeve, working conference, entertainment features will be omitted."

Conference Committee

Members of the conference committee include: Chairman, Sherman Drawdy, president, Georgia Railroad Bank and Trust Company, Augusta; Milton Andrews, A.B.A. Savings Division state vice-president, Bank for Savings and Trusts, Birmingham, Ala.; Hubert Buquo, Division state vice-president, Nashville (Tenn.) Trust Company; John J. Cornell, president, Georgia Bankers Association, Savannah Bank and Trust Company; George R. Dupuy, Division state vice-president, Home Savings Bank, Durham, N. C.; R. E. Gormley, vice-president, Georgia Savings Bank and Trust Company, Atlanta; Paul B.

(CONTINUED ON PAGE 89)

Association Promotes Several Staff Men

Changes Announced After '47 Convention

Several staff promotions were announced by Dr. Harold Stonier, executive manager of the American Bankers Association, following the Association's annual convention in Atlantic City.

George R. Amy, formerly secretary of the Country Bank Operations Commission, was advanced to deputy manager of the A.B.A., in charge of the Commission. Mr. Amy was a member of the Class of 1944 of The Graduate School of Banking and, before joining the A.B.A. staff in January 1945, was assistant cashier in the operating department of the First National Bank of Bound Brook, N. J.

George H. Hottendorf was advanced from assistant secretary of the Insurance and Protective Committee to secretary. Mr. Hottendorf came to the A.B.A. in 1923 and has served continuously in the Insurance and Protective Department.

Dr. William A. Irwin, economist and associate director of The Graduate School of Banking, was appointed secretary of the Economic Policy Commission.

Eugene C. Zorn, Jr., of the economist's office, was appointed assistant secretary of the Commerce and Marine Commission. Mr. Zorn first came to the A.B.A. in December 1939 as a research assistant. From January 1943 to May 1946 he was in military service. He graduated from the Army Air Force Officers' Candidate School at Miami Beach, Fla., in June 1944 as a second lieutenant and was discharged from the Air Force in 1946 as a



G. R. Amy

captain, at which time he returned to the A.B.A.

Gardiner Cobb, assistant comptroller, was named assistant to the registrar of The Graduate School of Banking. Mr. Cobb came to the A.B.A. in May 1923, working up through the various divisions of the Comptroller's Department.

The appointments of Leroy Lewis as national educational director of the American Institute of Banking and of John B. Mack, Jr., as director of the Public Relations Council was announced in last month's BANKING.

Mr. Lewis, who had previously been associate educational director of the A.I.B., succeeds Dr. Irwin.

Mr. Mack, who is a deputy manager of the A.B.A. and manager of the Advertising Department, succeeds C. E. Green, who was made a vice-president of the Franklin Square National Bank of Franklin Square, N. Y.

Credit is Theme of Chicago Conference

Bankers in Illinois, Wisconsin, Minnesota, Iowa, Michigan and Indiana were invited to a mid-western credit conference in Chicago, Oct. 28, sponsored by Chicago Chapter, Robert Morris Associates; Group I, Illinois Bankers Association; and the Credit Policy



G. H. Hottendorf



Gardiner Cobb

Commission and Small Business Credit Commission of the American Bankers Association.

Speakers listed on the program included: Kenneth K. Du Vall, president, First National Bank, Appleton, Wis., and past president, Robert Morris Associates; Lehman Plummer, vice-president, Central National Bank & Trust Co., Des Moines, and chairman, A.B.A. Consumer Credit Committee; Milton Drake, vice-president, The Detroit Bank; Walter B. Garver, agricultural economist, Federal Reserve Bank of Chicago; H. M. Swanzy, assistant cashier, First National Bank, Joliet, Ill.; Frank C. Rathje, past president of the A.B.A. and president, Chicago City Bank and Trust Co.; James L. Buchanan, vice-president, First National Bank, Chicago; William G. F. Price, vice-president, American National Bank and Trust Co., Chicago.



W. A. Irwin



E. C. Zorn, Jr.

Southeastern Bankers to Meet in Augusta, Ga.

(CONTINUED FROM PAGE 88)

Hale, Division state vice-president, Peoples Savings Bank, Lakeland, Fla.; Paul T. Jones, A.B.A. Division state vice-president, Citizens Bank and Trust Company, Savannah; Mills B. Lane, Jr., president, Citizens and Southern National Bank, Atlanta; L. W. Lyeth, vice-president and cashier, Realty Savings Bank, Augusta; E. P. Peabody, president, National Exchange Bank of Augusta; James Sartor, vice-president, Citizens and Southern National Bank, Augusta; Freeman Strickland, vice-president, First National Bank of Atlanta; and Porter Williams, Division state vice-president, Carolina Savings Bank, Charleston, S. C.

The conference will be at the Sheraton Bon Air Hotel, Augusta.

CALENDAR

American Bankers Association

- Nov. 6-7 Mid-Continent Trust Conference, Drake Hotel, Chicago, Ill.
Nov. 20-21 Savings and Mortgage Conference, Sheraton Bon Air, Augusta, Ga.

State Associations

- Nov. 10-11 Nebraska, Paxton Hotel, Omaha
Nov. 14-15 Arizona, Camel Back Inn, Phoenix

1948

- Apr. 5-7 Florida, Vinoy Park Hotel, St. Petersburg

- May. 6-7 Oklahoma, Skirvin Hotel, Oklahoma City
May 19-21 Pennsylvania, Hotel Traymore, Atlantic City, N. J.
June 2-4 Illinois, Edgewater Beach Hotel, Chicago
June 14-15 Oregon, Hotel Baker, Baker
June 24-26 Michigan, Grand Hotel, Mackinac Island

Other Organizations

- Nov. 10-11 Western Secretaries Conference, El Tovar Hotel, Grand Canyon, Ariz.
Nov. 24-25 Southern Secretaries Conference, Battle House, Mobile, Ala.

Convention Atmosphere and

PICTURES of some convention activities other than meetings of Divisions, Commissions and Committees (which appear on pages 49-52) are shown here. The events shown on the opposite page were a scheduled part of the busy convention program while the pictures on this page are intended as reminders of the general atmosphere—the large attendance (about 4,000), the perfect autumn weather, the busy lobby of the Hadson Hall Hotel and the many displays which brought delegates up to date on the latest in operating procedure and time saving devices.



AGBIS

The boardwalk near convention headquarters



CENTRAL STUDIOS

Assembling the "kits"



AGBIS

Registration line

BANKING's photo display of bank buildings



AGBIS

A section of the educational displays



AGBIS

BANKING

Some Special Events



The Graduate School of Banking Board of Regents. *Left to right*, Messrs. Dodge, Powers, Dr. Stonier, Messrs. Gelbach (chairman), Glenn, Dr. Irwin, Mr. Law and A.B.A. Comptroller Rooney



Above, Dr. Stonier speaks to the alumni dinner of the Graduate School of Banking. *Below*, Retiring President Bailey presides over the Administrative Committee dinner



Why Publish an Echo?

The other day BANKING received, from a non-banker, the following commentary on bank publications. The writer preferred that his contribution be anonymous, although we can say that he has been in the publishing and manufacturing businesses and that he lives in the Middle West.

WHY D' YA READ?" cried the paper-boy as I entered Grand Central Station, New York. For 25 years I have been reading monthly bank letters and bulletins with interest, gusto and profit. Today, though I've withdrawn from publishing and manufacturing activities, I read them as avidly as ever, since I still have my investments to watch, switch and develop.

A bank publication derives its intrinsic value for me in the proportion that it contains independent analyses and forthright conclusions. Reviews and digests are little more than duplications and echoes. And why should I waste time perusing them? I am already familiar with conditions from reading two daily financial journals and two general newspapers. I want help in interpreting them in terms of my problems and opportunities.

I want all the more to read what a bank has to say when it has acquired the reputation of an authority. It may have so much to say its comment fills four to 20 pages or more. I'll read them all. It may print pages in colors, as a quality gesture. That's all right, too, though not really necessary to win me. It may run a page or two describing its services. Advertising of that sort raises my estimate of what it can do for me.

SUCH a bank deserves compensation—and gets it too. One bulletin I read is said to have brought its sponsor several million dollars' worth of free space in newspapers and magazines which consistently quote its opinions. It brings the bank in contact with important companies and individuals. There are instances where it has produced actual business in volume.

Circulations themselves can be impressive—30,000 to 40,000, say. Dr. Benjamin Anderson's *Chase Economic Bulletin*, discontinued in 1937, reached a peak of some 90,000. And when 90 to 95 percent of so many readers repeatedly ask to be kept on the mailing list at checking intervals, it is proof of fulsome appreciation.

Publications have character. When I read the *Guaranty Survey* I range over

a wide field. It is a miniature magazine in size. It is not a "once over" affair. It informs me on business and prospects in many foreign lands. I have before me a copyrighted wholesale price table from 1913 to date. I am told the *Survey* circulates around the world, doing its bit these transitional times to make better known the American way in commerce and trade. Perhaps it is a little textbook in style.

The National City Bank of New York sends me its *Monthly Letter* which goes all out on government finance, corporation earnings, and economic conditions generally. I like one feature in particular. It quotes at length—from tabulations, speeches, and writings. Source figures and text thus speak for themselves.

THE *New England Letter* scores on its brisk way of stating its considered judgments. The style is so fluent and clean-cut I never suspect I am being served rewrite or stale stuff. I am whisked along against time and tide to the very end, and then I may pine for more of the same thing. I am never too tired nor too fed up to read my copy. And I always know exactly what The First National Bank of Boston thinks and how it feels about what is going on, amiss or otherwise, all around me. There's no hedging. I like that too.

It should be obvious that I am for banks that reveal a spirit of militant patriotism in their publications; that

hammer away relentlessly on the current urgency of adopting sound economic and financial policies to preserve American private enterprise and to maintain a solvent nation; that are bluntly outspoken when necessary on evils like "smear campaigns," political skulduggery, and Washington misdeeds; that satisfy me on, "Where does the bank stand on that question?" Newspapers just make room for banks that take a stand.

Financial editors I have talked with admit they never bother to read colorless reviews and digests. They are as partial to interesting and independent analyses and conclusions as I am. I learned they are swayed by the reputation of authors. One still lauds the services of the late George E. Roberts on the monthly letter issued by The National City Bank of New York. Of course he was a noted authority on finance and economics, director of the U. S. Mint, publisher and banker in his own right even before he became assistant to the president, then vice-president, and later economic adviser. It is something to get such a man's opinions in a free publication.

ANOTHER bemoaned the passing of General Leonard P. Ayres, founder and author of The Cleveland Trust Company's widely read *Business Bulletin*. Here was an exceptional statistician. He put sense and value into figures and diagrams for me. Fortunately his good work goes on, like Tennyson's brook, in the hands of capable understudies.

Though but a four-page job, each page contains an Ayres diagram worth a thousand words. I have used many a diagram to drive home a point. A large statistical laboratory is maintained to keep up active diagrams and to start new ones. Once an active diagram has been published, figures are furnished at intervals so that those interested can bring it up to date. Economics classes in schools and colleges can well find this bulletin excellent collateral reading.

Now free newspaper space is valuable in three ways. It advertises a bank and its publication; it increases circulation of its appraisals and decisions; and it makes me say, "Why, the paper is quoting my bank!" Hence newspapers are well worth cultivating.

But the newsprint famine has made financial editors more selective than in prewar days. They have to discard

(CONTINUED ON PAGE 94)



"This one is rubber. Emergency exit, you see!"

The Statement you helped to make...



You might easily find yourself in this bank statement . . . for you helped to make it! Every week, thousands of people come to Manufacturers Trust Company to transact business. Some to make deposits . . . some to obtain loans —for everything from financing a large business, to paying small bills—others to receive sound counsel on their investments and financial problems, or to use our other personalized services.



Manufacturers Trust Company helps keep the nation's production wheels turning by lending industry hundreds of millions of dollars. It pays taxes and buys bonds, thus helping finance Government operations. The bank finances American imports and exports, helping bring us the commodities we need from all over the world, and providing foreign countries with dollars to buy American products.



It is you, together with our more than one million customers, who have helped to make this statement. We are proud to serve you, whether your needs are great or small . . . for it is your confidence in us that makes possible this public service institution, whose purpose it is to meet the ever-changing financial needs of your community.

Harvey D. Gibson
PRESIDENT

CONDENSED STATEMENT OF CONDITION as at close of business September 30, 1947

RESOURCES

Cash and Due from Banks	\$ 582,126,444.37	
U. S. Government Securities	1,139,511,194.28	
U. S. Government Insured F. H. A. Mortgages	3,469,433.64	
State and Municipal Bonds	34,733,059.15	
Stock of Federal Reserve Bank	3,037,500.00	
Other Securities	22,271,871.64	
Loans, Bills Purchased and Bankers' Acceptances	478,137,329.52	
Mortgages	14,606,478.62	
Banking Houses	10,235,345.07	
Other Real Estate Equities	262,100.73	
Customers' Liability for Acceptances	4,965,850.49	
Accrued Interest and Other Resources	6,356,783.00	
	<u>\$2,299,713,390.51</u>	

LIABILITIES

Capital	\$41,250,000.00	
Surplus	60,000,000.00	
Undivided Profits	<u>21,075,452.27</u>	\$ 122,325,452.27
Reserve for Contingencies	9,839,672.85	
Reserves for Taxes, Unearned Discount, Interest, etc.	7,478,238.12	
Dividend Payable October 1, 1947	1,237,500.00	
Outstanding Acceptances	5,208,104.40	
Liability as Endorser on Acceptances and Foreign Bills	197,337.19	
Deposits	<u>2,153,427,085.68</u>	
		<u>\$2,299,713,390.51</u>

United States Government and other securities carried at \$56,392,984.24 are pledged to secure U. S. Government War Loan Deposits of \$23,951,018.73 and other public funds and trust deposits, and for other purposes as required or permitted by law.

Manufacturers Trust Company

Head Office: 55 Broad Street, New York 15, N. Y.

75 COMPLETE BANKING OFFICES IN GREATER NEW YORK

Member Federal Deposit Insurance Corporation

DIRECTORS

EDWIN M. ALLEN
New York City
EDWIN J. BEINECKE
Chairman, The Sperry & Hutchinson Co.
EDGAR S. BLOOM
Chairman, Atlantic, Gulf and West Indies Steamship Lines
ALVIN G. BRUSH
Chairman, American Home Products Corporation
LOU R. CRANDALL
President, George A. Fuller Co.
CHARLES A. DANA
President, Dana Corporation
HORACE C. FLANIGAN
Vice-Chairman of the Board
JOHN M. FRANKLIN
President, United States Lines Co.
PAOLINO GERLI
President, Gerli & Co., Inc.
HARVEY D. GIBSON
President
FREDERICK GRETSCH
President, Lincoln Savings Bank
JOHN L. JOHNSTON
President, Lambert Company
OSWALD L. JOHNSTON
Simpson Thacher & Bartlett
KENNETH F. MACLELLAN
President, United Biscuit Company of America
JOHN T. MADDEN
President, Emigrant Industrial Savings Bank
JOHN P. MAGUIRE
President, John P. Maguire & Co., Inc.
C. R. PALMER
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HAROLD V. SMITH
President, Home Insurance Co.
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Chairman, Trust Committee
L. A. VAN BOMEL
President, National Dairy Products Corporation
GUY W. VAUGHAN
President, Curtiss-Wright Corp.
HENRY C. VON ELM
Chairman of the Board
ALBERT N. WILLIAMS
President, Westinghouse Air Brake Company

(CONTINUED FROM PAGE 92)

bank letters and bulletins in favor of summaries released by press services and reviews issued by the Department of Commerce, the Federal Reserve Board and the Reserve banks.

True, they may occasionally be allotted a good spot for excerpts from an incisive bank editorial. None the less, such restriction, though temporary, is to be regretted at present, for never before was the newspaper public so in quest of light and guidance on democratic institutions, now under persistent attack from irresponsible sources. I question whether bankers should take

these space conditions lying down. They have only to make their monthly studies a little more challenging and then summaries, reports and reviews will hardly monopolize the limited space.

Newspapers have a duty here, too. How refreshing to see them giving economics the prominence it deserves. Take the *New York Times*, which still prints seven pages or more of business and financial news and comment, with complete stock tables. The *Christian Science Monitor*, international daily, omits stock lists to provide at least a full page for commerce and finance, with a meaty 1,200-word editorial and

terse items from as many as seven or more countries in a single issue. This paper quotes copiously from current bank publications.

Yes, indeed, I for one like to hear from a thinking bank 12 times a year. Its analyses and conclusions are to me what flying instruments are to the air pilot in a storm.

Here's an Idea . . .

A presidential candidate doesn't need to carry the world on his shoulders. All he needs to do is carry a few close states.

Every fifth person in the United States owns an automobile, or will when he gets his last instalment paid.

News item: Ninety year old woman claims she has never seen an automobile. This may explain why she lived 90 years.

Early to bed and early to rise, and you won't get trimmed by the night club guys.

Every man has his day. Even a pedestrian has the right of way in an ambulance.

Prosperity is something created by management and labor for which politicians take credit.




If the Chinese know all the facts about their continuing war, it certainly gives them an advantage over the rest of us.



"And if he starts acting independent I ask myself, 'What would the Russians do?'"



BANKING

Symbols
OF
**STRENGTH
PERMANENCE
STABILITY**
THAT
ASSURE THE
**RIGHT
TO FEEL
SECURE**

See Your Home Town Agent or Broker

Fire - Automobile - Marine - Casualty - Fidelity - Surety

FIREMAN'S FUND GROUP

FIREMAN'S FUND INSURANCE COMPANY

HOME FIRE & MARINE INSURANCE COMPANY

WESTERN NATIONAL INSURANCE COMPANY

FIREMAN'S FUND INDemnITY COMPANY

WESTERN NATIONAL INDemnITY COMPANY

SAN FRANCISCO • NEW YORK • CHICAGO • BOSTON • ATLANTA • LOS ANGELES



The First National Bank of Chicago

Statement of Condition October 6, 1947

ASSETS

Cash and Due from Banks,\$ 455,018,725.20
United States Obligations—Direct and fully Guaranteed, Unpledged,	\$653,618,821.73
Pledged—To Secure Public Deposits and Deposits Subject to Federal Court Order,	91,122,500.00
To Secure Trust Deposits,	55,191,413.16
Under Trust Act of Illinois,	<u>527,600.00</u>
Other Bonds and Securities,	800,460,334.89
Loans and Discounts,	111,411,818.06
Real Estate (Bank Building),	749,813,260.14
Federal Reserve Bank Stock,	2,830,401.30
Customers' Liability Account of Acceptances,	3,750,000.00
Interest Earned, not Collected,	2,201,356.26
Other Assets,	5,543,989.02
	<u>659,117.12</u>
	\$2,131,689,001.99

LIABILITIES

Capital Stock,\$ 60,000,000.00
Surplus,	65,000,000.00
Other Undivided Profits,	6,913,970.39
Discount Collected, but not Earned,	1,085,851.44
Reserve for Taxes, etc.,	8,653,963.71
Liability Account of Acceptances,	2,522,549.32
Time Deposits,	\$ 368,572,999.99
Demand Deposits,	1,477,309,424.37
Deposits of Public Funds,	<u>141,629,132.19</u>
Liabilities other than those above stated,	1,987,511,556.55
	<u>1,110.58</u>
	\$2,131,689,001.99

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

HEARD ALONG MAIN STREET



Friendliness Pays

THIS time it paid \$1,000 each to two men on the staff of the Onondaga County Savings Bank of Syracuse, New York. Here's how:

WILLIAM P. O'CONNELL had been a depositor in the bank for many years, and during most of his long association he was waited on by **CARLETON W. BENTLEY**, now assistant head teller. Inasmuch as Mr. O'CONNELL was the older man, Teller **BENTLEY** was patient with him; he always made him feel welcome. From the Fall of 1942 to July 1945 Mr. **BENTLEY** was in service. When he came back to the bank, Mr. O'CONNELL quickly returned to his window.

Meanwhile, **WILLIAM J. JAQUIN**, who has been the bank's floorman since he retired from the Syracuse Fire Department, had struck up quite a friendship with Mr. O'CONNELL. They'd usually have a little chat when the customer came into the bank; and on one occasion Mr. **JAQUIN**, in his own car, drove his friend on a short business trip into the suburbs when no other transportation was available.

Yes, it's a simple story—two bank people who were kind and courteous to a customer, just as countless other bank

people are kind and courteous to countless other customers every day.

Sometimes, of course, the customers say Thank You—and then again they don't. Mr. O'CONNELL, who died in 1946, said his in his will. Recently attorneys for his estate handed Messrs. **BENTLEY** and **JAQUIN** checks for \$1,000.

Two New Bank Economists

DAVID C. ELLIOTT, who has been director of the Division of Research and Statistics, Reconstruction Finance Corporation, was recently named economist for The Cleveland Trust Company.

From 1923 to 1929 Mr. **ELLIOTT** was in charge of the statistical division of the Federal Reserve Bank of Cleveland and wrote that institution's monthly review. He is also a former instructor in economics at Cleveland College and John Huntington Polytechnic Institute and has been on the staffs of the Federal Reserve Bank of San Francisco and the Federal Reserve Board, Washington, D. C.

Mr. **ELLIOTT** will edit the bank's monthly business bulletin.

★ ★

Dr. **DONALD B. MARSH**, who has a wide practical and academic experience in economics and political science, has been appointed economist of The Royal Bank of Canada.

Dr. **MARSH**, professor of economics at McGill University, has been associated for nearly two years with the department of financial and business research of the Chase National Bank, New York City, and recently acted as secretary for the Committee on the Flow of Capital, United States Associates of the International Chamber of Commerce. He is the author of "Taxes Without Tears" and of numerous articles, as



D. B. Marsh



E. E. Brown

well as special studies undertaken for Chase.

E. E. Brown World Bank Councillor

EDWARD E. BROWN, chairman of The First National Bank of Chicago and president of the Federal Advisory Council of the Federal Reserve System, was appointed a councillor on the newly created Advisory Council of the International Bank for Reconstruction and Development. The appointment was made at the bank's recent annual meeting in London.

Mr. **BROWN**, representing banking, and **HERBERT HOOVER**, representing commerce, are the only members from the United States on this council of 10, each of whom is to serve two years.

A Yankee Banker in Tokyo

A GLIMPSE of banking in Japan is provided in a letter from **W. R. JOHNSTON**, formerly assistant treasurer of the Worcester (Massachusetts) Five Cents Savings Bank, to **J. R. DUNKERLEY**, secretary of the Savings Division, American Bankers Association.

Writing from General Headquarters of the Supreme Commander for the Allied Powers where he is a financial advisor to General MacArthur, Mr. **JOHNSTON** says:

"I've been spending quite a bit of
(CONTINUED ON PAGE 98)

Mr. Bentley, left, and Mr. Jaquin



Loan losses are ALWAYS unexpected!



...“And to think we always trusted him!”—that’s the way it always happens. Only the *trusted* employee has a chance to juggle books...or divert goods to illegal channels. Employee dishonesty costs American business uncalculated millions every year—mostly not insured! How about *your* loans?



“They didn’t even leave the pennies and stamps!” No business is immune to burglary, even when money and securities are kept in the office safe. F.B.I. records show that last year there were almost 1000 burglaries every day. Every business borrower should be protected against such a loss.



“Hand it over quick—or else!” It’s all too easy for criminals to waylay messengers who carry a business’s money and securities. Or even to stage a payroll holdup right in the firm’s building. It is so easy—and inexpensive—for your bank’s customers to insure against such a loss.



“We’ve looked everywhere—it’s just plain gone!” Money and securities can and do disappear, despite normal precautions. Maybe accidentally destroyed or mixed in with office trash and thrown out. Or even blown out the window, unnoticed. Yes, *your* borrowers be protected against such disappearance, too!

How this new all-in-one protection fits your bank’s customers

Indemnity Insurance Company of North America’s new all-in-one “DDD” policy replaces as many as six old-style, individual policies. “DDD” stands for, and protects your business borrowers against, Dishonesty, Disappearance and Destruction.

Any Agent of Indemnity Insurance Company of North America—or your Broker—will furnish the details of Indemnity’s “DDD” policy.

REMEMBER—A sound bank loan needs *many* kinds of protection. See the Check List...well worth keeping in mind every time you extend credit!



**INSURANCE COMPANY OF
NORTH AMERICA**
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(CONTINUED FROM PAGE 96)

time in the Bank of Japan lately and am getting a kick out of it. When the people with whom I deal mostly over here discovered that I had spent some time in a bank in America they of course started to ask a million and one questions about our institutions and seem very much interested in our methods.

"A large percentage of Japanese banking seems to be on a rather primitive basis, to our way of thinking, but nevertheless they seem to get the job done eventually. Of course they're tied up tight now with regulations restricting their every-day activities, but they just grin and bear it.

"I've had a chance to go through their enormous shop from top to bottom and it's certainly something to see. One vault in particular intrigued me. In it is the most complete collection of currency and coins and other curios I've ever seen: old Chinese gold coins as big around as a platter and believed to be the first in existence; swords and battle axes carried a thousand years ago by travellers, with secret compartments to hide coins and gold dust from thieves—all very interesting.

"Another thing I find enjoyable is the unhurried way in which they carry on their business. Whereas we Americans are in the habit of rushing into an office, stating our business and getting

out, here I find that I haven't been sitting at a desk two minutes when some little bank clerk shuffles up and, with a low bow, deposits a steaming bowl of green tea in front of me. At first I drank the stuff to be polite, but now I find myself looking forward to this little ceremony whenever I go over there. No business is transacted until we have finished our little repast and then the bowls are cleared away.

"I've just completed a very interesting study on the status of some 169 various types and issues of Chinese currencies. With the complete lack of any coordinated data on the Chinese situation, it's been a little difficult to arrive at any definite conclusions regarding the validity of any of these bills and notes. I thought I had finished the job once, only to learn that the Chinese delegation here in Tokyo disagreed with the Bank of Japan on the evaluation of several issues, and a few hurried conferences at the Chinese Embassy changed the entire picture. However, with the free market rate up somewhere around 42,000 to 1, we still wind up with a very small U.S. dollar total on the conversion."

Banker Establishes Foundation

OWEN L. COON, chairman of the Chicago Terminal National Bank, has announced establishment of a philanthropic foundation which will bear his name and be devoted mainly to religious purposes.

The funds will be derived from profits of businesses acquired for the purpose, rather than from an open market portfolio, the announcement said. The foundation is now functioning; among the projects participating in its earnings is Goodwill Industries for handicapped persons. Mr. COON is president of this organization. Another project will seek to promote increasing acceptance of Christian ethical principles in business and in international affairs, and the unification of interchurch activities for the advancement of Christian standards, methods and practices.

The announcement stated that Mr. COON planned to free himself from many of his present business and civic activities and devote his time to the development of businesses purchased for the foundation's benefit.

Changes at Hattiesburg

F. W. FOOTE has resigned the presidency of the First National Bank of Hattiesburg, Mississippi, and become chairman of the board. His successor as



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GENEROUS Americans will send many millions of dollars abroad during November and December as Christmas gifts to assist needy relatives and friends.

You will no doubt wish to publicize your foreign remittance facilities. We have mapped out inexpensive direct and indirect advertising campaigns to suit banks with a limited remittance business as well as banks with a considerable volume.

Payments transmitted through us are effected by the leading foreign banks. Our service is efficient and simple. No books to read, no complicated instructions. One form for mail, air mail and cable payments, and a schedule of service charges, is all you need. Any of your clerks can learn in a few minutes how to handle our foreign remittance service. You will incur no obligation in asking for details.

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Insurance Corporation

OUR BUSINESS IS TO HELP BUSINESSES

president is **GEORGE J. HAUENSTEIN**, formerly vice-president.

Mr. FOOTE was one of the bank's organizers in 1895 and first served it as a director and assistant cashier. He was made president in 1924.

Mr. HAUENSTEIN, a graduate of the United States Naval Academy, began his career with the bank as a bookkeeper in 1900. He is a former member of the Executive Council of the American Bankers Association and an ex-president of the Mississippi Bankers Association.

LAWRENCE Y. FOOTE, son of the chairman, was elected vice-president of the bank. He is a graduate of Washington and Lee University and the University of Virginia law school and has practised law in Hattiesburg for a number of years. He has joined the bank staff as an active officer.

F. EARL WALLACE, former deputy governor of the Federal Home Loan Bank Administration, has been appointed executive vice-president of the Savings Banks' Guaranty Fund of Connecticut, Inc. **Mr. WALLACE** has had extensive banking experience in and near Boston, and in 1944 was named Bank Commissioner of Massachusetts by Governor Saltonstall. He held that position for about two and a half years, leaving it to go to Washington.

ROY A. YOUNG, president of The Merchants National Bank, Boston, has been decorated by Crown Prince Olav of Norway for services to that country during the war as national chairman of the board of American Relief for Norway. **Mr. YOUNG** was awarded the Royal Order of St. Olav, knight of the first class, in ceremonies at the Norwegian consulate in Boston. One of those present was **ROBERT D. BREWER**, chairman of the Merchants' board.

CARL F. KUEHNLE has resigned as president of the Central National Bank in Chicago and has retired from active management because of his health. His successor in the presidency is **J. ROSS HUMPHREYS**, former administrative vice-president and cashier. **G. L. NELSON**, who continues as senior vice-president, has been elected cashier and **ADAM CECIWA** has been made auditor.

IRA C. CHANEY, assistant auditor of the Crocker First National Bank of San Francisco, and **W. B. HILL**, manager, auditing department, Union Bank and Trust Company, Los Angeles, recently completed 25 years of service with their institutions. Each received a watch.



C. J. Schmidlapp



P. J. Ebbott



H. E. Scheuermann



E. L. Love

Four vice-presidents of the Chase National Bank, New York City, have been promoted to the newly created rank of senior vice-president. They are: **CARL J. SCHMIDLAPP**, **PERCY J. EBBOTT**, **EDWARD L. LOVE**, and **HUGO E. SCHEUERMANN**.

J. E. DREW, formerly secretary of the Public Relations Council, American Bankers Association, has been appointed associate director of public relations of the National Association of Manufacturers. **Mr. DREW**, a Californian, was vice-president in charge of

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The RIGGS NATIONAL BANK of WASHINGTON, D. C.

ROBERT V FLEMING, *President*

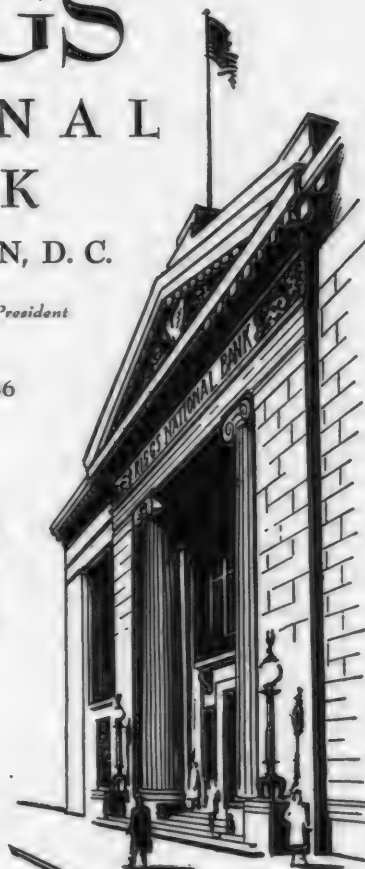
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Capital paid-up: \$8,184,937.—Pesos Colombian

Reserves: \$8,938,693.—Pesos Colombian

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Anserma (V). Armenia. Barrancabermeja. Barranquilla. BOGOTA. Bucaramanga. Cali. Cartagena. Cartago. Cucuta. Girardot. Magangué. Manizales. Montería. Neiva. Pasto. Pereira. Puerto Berrio. San Gil. San Marcos. Santa Marta. Sincelejo. Socorro. Vélez.

New York Representative—Henry Ludeke, 40 Exchange Place, New York 5, N. Y.

public relations and new business at the American Trust Company, San Francisco, and director of public relations of the California Bankers Association before coming East several years ago.

Colonel JAMES B. KAINE, vice-president of The First National Bank of Chicago since 1928, has retired on pension. Colonel KAINE, who was in charge of bank real estate, served on the General Staff of World War I as a member of the Inter-Allied Military Mission. He served at one time with the 7th Infantry Regiment of New York.

OLIVER A. LEAMON, formerly comptroller of The Fourth National Bank in Wichita and now a farmer in Dacoma, Oklahoma, is a candidate for a Class D directorship, Federal Reserve Bank of Kansas City. Mr. LEAMON was an early exponent of the use of charts and graphs in reports to directors (see "Telling Directors," BANKING, January 1942). His banking experience has been in state, national and Reserve banks as auditor, comptroller, cashier, examiner and assistant Federal Reserve agent. Since his retirement from the Fourth National three years ago he has been raising wheat on his Oklahoma farm.

A banker for more than 59 years, EDWARD S. PAULY has retired from the staff of the Security-First National Bank of Los Angeles where he had been a vice-president since 1913. Mr. PAULY started as a messenger for the old First National Bank of Los Angeles on July 13, 1888. Later that institution was merged with the Security Trust and Savings Bank, becoming the Security-First National. His simple formula for success is: "Keep an unruffled temper, say little, do much."

Staff promotions made recently by the National Bank of Commerce, Seattle, include: W. D. COURTNEY, a vice-president in the main banking offices at Second Avenue and Spring Street, was assigned new duties and transferred to the head office. L. E.

(CONTINUED ON PAGE 102)

E. S. Pauly

W. D. Courtney



BANKING



STATEMENT OF CONDITION, SEPTEMBER 30, 1947

RESOURCES

Cash and Due from Banks.	\$1,193,069,368.82
U. S. Government Obligations	2,138,599,520.72
State and Municipal Securities	91,853,462.40
Other Securities	152,350,694.79
Loans, Discounts and Bankers' Acceptances	1,264,224,713.58
Accrued Interest Receivable	13,780,235.97
Mortgages.	10,222,654.39
Customers' Acceptance Liability	10,009,200.84
Stock of Federal Reserve Bank	7,950,000.00
Banking Houses	31,204,268.45
Other Assets	4,418,464.02
	<u>\$4,917,682,583.98</u>

LIABILITIES

Capital Funds:		
Capital Stock	\$111,000,000.00	
Surplus	154,000,000.00	
Undivided Profits.	53,834,539.57	
		\$ 318,834,539.57
Dividend Payable November 1, 1947		2,960,000.00
Reserve for Contingencies		17,290,964.97
Reserve for Taxes, Interest, etc.		10,203,806.37
Deposits		4,541,740,606.05
Acceptances Outstanding	\$ 15,868,835.12	
Less Amount in Portfolio	4,969,057.42	10,899,777.70
Liability as Endorser on Acceptances and Foreign Bills		4,412,952.93
Other Liabilities		11,339,936.39
		<u>\$4,917,682,583.98</u>

United States Government and other securities carried at \$287,317,070.00 are pledged to secure public and trust deposits and for other purposes as required or permitted by law.

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

Member Federal Deposit Insurance Corporation

(CONTINUED FROM PAGE 100)

YOUNGER, controller, was elected to a vice-presidency and H. A. HENDRICKS was made vice-president and trust officer. CLARENCE W. KIDD and WALTER E. MITCHELL were promoted from assistant vice-presidencies to vice-presidencies. Branch managers RALPH J. STOWELL and C. C. MCGRANAHAN were advanced to the office of vice-president in the main office. FRANK M. ABERCROMBIE succeeded Mr. MCGRANAHAN as manager of the Centralia branch, and W. H. MCGUIRE replaced Mr. STOWELL as head of the Central branch.

J. H. FEARS was recently elected pres-

ident of the Lee County Bank, Fort Myers, Florida, succeeding the late F. IRVING HOLMES. Mr. FEARS was formerly vice-president and cashier. Those offices have been assumed by BROWN AUSTIN, for the past nine years vice-president of the Sarasota State Bank.

WILLIAM J. BARRETT, comptroller, Nashua (New Hampshire) Trust Company, is serving as general chairman of the community chest of Nashua and Hudson.

DANIEL G. HICKSON, an engineer formerly with Western Electric Company and Hunt Stromberg Productions,



D. G. Hickson



H. W. Brown

is now a vice-president of Bankers Trust Company, New York. He has been associated with the motion picture industry for the past 15 years.

HAROLD W. BROWN, formerly chief executive officer of the Hollywood (California) State Bank, has been elected president, succeeding the late C. A. ADAMS. WADE E. BENNETT was advanced from assistant vice-president and treasurer to first vice-president E. F. SCARBOROUGH, former vice-president in charge of operations, has become second vice-president, and RALPH PETERSON, a newcomer to the staff, is vice-president.

WINTHROP W. ALDRICH, chairman of the board of the Chase National Bank, is the new president of the New York Clearing House Association, succeeding HARRY E. WARD, chairman of Irving Trust Company. J. LUTHER CLEVELAND, chairman of the Guaranty Trust Company, has been made head of the association's important Clearing House Committee, replacing ALEXANDER C. NAGLE, president of the First National Bank. Other members of this committee are: W. RANDOLPH BURGESS, vice-chairman of the National City Bank; GEORGE WHITNEY, president of J. P. Morgan & Company, Inc.; WILLIAM S. GRAY, JR., president of Central Hanover Bank & Trust Company; and E. CHESTER GERSTEN, president of the Public National Bank & Trust Company.

Elections

W. DONALD JORDAN, secretary, Chemical Bank & Trust Company, New York City.

HAZEL GALLAGHER, vice-president, Security-First National Bank of Los Angeles (Santa Barbara branch).

J. WOLCOTT BROWN, president, ROBERT M. WHITE, cashier, Manasquan (New Jersey) National Bank.

W. C. GRADY, cashier, Richmond County Bank, Rockingham, N. C.

P. K. ROWE, president; L. A. FORD, vice-president, Beverly (Mass.) Savings Bank.

B. M. BLACKBURN, chairman; H. C. MILLER, vice-president; W. A. HARRON,

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cashier, Manufacturers National Bank, Newman, Ga.

J. F. DAVIS, vice-president, Bourbon-Agricultural Bank and Trust Company, Paris, Ky.

C. MORGAN, president, Osceola (Mo.) Bank.

F. A. SCHAEFERKOTTER, president, Citizens Bank of Owensville, Mo.

R. S. CARMACK, vice-president and cashier, First State Bank, Gould, Okla.

F. M. TURNER, JR., president, First Bank and Trust Company, Pensacola, Fla.

D. R. BUSEY, cashier, LeRoy (Ill.) State Bank.

G. APPELT, cashier, State Bank of Augusta, Mich.

L. E. ABBOTT, cashier, First National Bank, Kings Mountain, N. C.

J. WALTRIP, cashier, Harrisburg National Bank, Houston, Tex.

H. E. BELLINI, president; E. J. VOSBURGH, treasurer, Salisbury Bank and Trust Company, Lakeville, Conn.

J. E. BROOKS, cashier, First National Bank, Limon, Colo.

A. A. SULLIVAN, president, Indian River Citrus Bank, Vero Beach, Fla.

W. J. JACKSON, cashier, First National Bank, Batavia, Ill.

E. C. CONNOR, E. P. MORRIS, vice-presidents; A. B. PETERSON, cashier; R. J. SCOTT, auditor, National Bank of Commerce, Chicago.

C. N. EGGEN, cashier, First National Bank and Trust Company, Marquette, Mich.

J. S. BUSH, vice-president, Industrial Bank of St. Louis.

R. KEY, cashier, First State Bank, Childress, Cal.

W. F. SMITH, vice-president, First State Bank, Dodson, Tex.

H. H. SPAULDING, president, Farmers and Merchants Bank, Hemet, Cal.

F. W. PATENAUDE, president; L. B. MARKHAM, chairman; Middletown (Conn.) National Bank.

E. G. JONSCHER, trust officer, American Security and Trust Company, Washington, D. C.

G. DORN, president, Farmers Bank, Sedalia, O.

R. L. KNIGHT, trust officer, Ohio Citizens Trust Company, Toledo.

J. THORNTON, president, First Na-

tional Bank of Blanchard, Oklahoma.

E. J. SMITH, president; W. B. GROVER, J. H. HARRISON, vice-presidents; G. D. ROBINSON, cashier, First State Bank and Trust Company, Hollis, Okla.

B. G. MORRISON, I. F. EDDY, T. R. FARAGHER, vice-presidents, Peoples National Bank of Washington, Seattle, Wash.

J. B. FISHER, president, Bank of Cassaway, Va.

M. H. MALECKI, vice-president, Le-mont (Ill.) National Bank.

J. C. HARRIS, vice-president, Central National Bank, Richmond, Va.

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Republic National Bank of Dallas

Statement of Condition October 6, 1947

RESOURCES

Cash and Due from Banks	\$ 77,079,799.87
U. S. Government Securities	55,214,758.60
State, Municipal, and Other Securities	248,905.98
Stock in Federal Reserve Bank	600,000.00
Loans and Discounts	119,215,368.32
Bankers' Acceptances and Commodity Loans	12,864,895.12
Banking House	2,196,857.83
Furniture and Fixtures	299,458.62
Real Estate for Bank Expansion	287,330.51
Customers' Liability—Acceptances and Letters of Credit	2,726,416.41
Total	\$270,733,791.26

LIABILITIES

Capital	\$ 10,000,000.00
Surplus	10,000,000.00
Undivided Profits	2,712,101.03
Reserve for Contingencies	1,000,000.00
Reserve for Taxes, Etc.	1,118,921.97
Acceptances and Letters of Credit	2,726,416.41

DEPOSITS:

Individual	\$162,505,445.66
Banks	78,893,336.08
U. S. Government	1,777,570.11
Total	\$243,176,351.85
Total	\$270,733,791.26

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Gold Ahead?

(CONTINUED FROM PAGE 41)

goods, in order to build up reserves necessary to the establishment of convertibility of their currencies in terms of gold.

"Further, even if an international redistribution of gold were to be effected by other means, a functioning gold standard could not long be maintained in the face of underlying conditions that for one reason or another resulted in a large and persistent movement of gold to any one important country or area."

"Fundamental Opposition"

"Looking beyond present disequilibria, there are, I think, more deep-seated influences in fundamental opposition to the restoration of an international gold standard. Such a standard postulates the existence of an international economic order within which merchandise and capital may flow relatively freely without much attention to national boundaries.

"In the latter half of the 19th Century the concept of an international economic order did have some validity in practice.

"Today, however, most governments have in one way or another accepted responsibility for 'full employment' within their own borders. In consequence there is a very marked disinclination to tie national currencies rigidly to an international gold standard, since such a move, so it is argued, leaves a country open to deflationary influences from without."

Recovery Must Start with Production

"I do not think that the basic dilemma of international monetary organization—how to reconcile the objectives of domestic stability with international balance—can be resolved by efforts to re-establish a gold standard before the world is ready for it. World recovery must stem from the production of more goods, from the reduction of barriers to their interchange, from domestic policies aimed at monetary stability, and from enlightened and imaginative action on the part of creditor nations. Measures to stabilize the exchange value of currencies over as wide an area as possible are also an integral part of the processes of recovery. But for the reasons indicated above, it would seem to me that at this juncture the International Monetary Fund, which aims at relative stability of exchanges and which in addition provides some measure of automatic access to international purchasing power, is preferable to the gold standard as an approach more in line with the practical realities of the present situation. If, on the other hand, the Fund proves inadequate to its task, it is difficult to see how, under the same circumstances, a gold standard could have any greater hope of success.

"We are witnessing today an almost worldwide revulsion of feeling against fluctuating standards of value and their attendant social and economic instabilities. Little wonder therefore that the prestige of gold as a universally acceptable medium of exchange should be enhanced and that the demand for the metal seems to be greater than ever. But to interpret this undeniable trend as indicating that early restoration of the gold standard, in the accepted technical sense of the term, is practical and desirable would, I think, be to take an unrealistic view of the fundamentals of the present situation."

Crimes Against Banks Increase

PARALLELING the experience after World War I, crimes against banks are increasing, says Frederick B. Post, chairman of the Insurance and Protective Committee of the American Bankers Association and president of the State Savings Bank, Ionia, Michigan, in his report of Committee activities for the Association year 1946-47.

"The increase in crimes against banks has been less than in other categories," Mr. Post says, "but there is always the threat that the new crop of criminals may turn their attention to banks, just as they did in the years after World War I. It is, therefore, important that banks now take every precaution to prevent loss rather than rely solely on indemnity from insurance.

"Through the activities of the Insurance and Protective Committee in cooperation with insurance representatives, banks now enjoy a better quality of insurance coverage than at any other time in their history, and at substantially lower costs. In order to establish a favorable experience record as the basis for continuing low premium rates, the banks themselves have the re-

sponsibility of installing proper protective equipment and procedure.

"For the third successive year, there has been an increase in hold-up robberies of banks: 54 daylight hold-ups being reported during the Association year ended August 31, 1947. In the previous year there were 48 hold-ups, and for 1945 the number was 37. Night burglaries of banks totaled eight in 1945 and jumped to 20 in 1946, but declined to 17 in the year ended August 31, 1947. Losses in the 54 hold-ups amounted to \$264,285, and in the 17 burglaries the loot totaled \$128,101.

Trend Sounds Alarm

"The upward trend should serve to alert all bankers to the realities of the situation before banks are threatened with another wave of robberies, as in 1932 when 631 bank burglaries and hold-ups were reported."

Greatest concern of the banks in crime prevention, Mr. Post says, is dealing with defalcations on the part of officers and employees. These hidden losses extend over periods ranging up to 20 years before they are discovered,

and often involve substantial amounts.

"Another feature of recent bank crimes is the sudden flurry of burglaries directed against so-called night depository 'safes' or chests. For more than 20 years, banks have rendered this depository service for the accommodation of customers after banking hours. Throughout that long period, no burglaries of night depositories were reported; but in the year ended August 31, 1947, burglars attempted to crack only the night depository safes or chests in nine of the 17 banks burglarized.

"Banks whose safes are entered and robbed invariably suffer a heavier penalty in reduction of experience credit in their blanket bond premium than the additional cost of stronger depositories which resist the tools and torches of robbers. In most cases, the bank's loss experience under the blanket bond has been good enough during the five years preceding the premium due date to entitle the bank to an experience credit running as high as 40 percent. When an insured loss approaches the total premiums paid during the five-

(CONTINUED ON PAGE 108)

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FIRST NATIONAL BANK OF ARIZONA

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"Probably handle twice as many deposits in same period now . . . improved flow of items to proof department . . ."
FIRST NATIONAL BANK OF FORT WORTH



"Customers and tellers alike say machine method is faster . . ."
FORT WAYNE NATIONAL BANK

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There's less waiting in line, less lobby congestion, and less time lost in internal accounting. And there's more protection for both customer and bank through the more complete identification and control of transactions.

Small wonder the Burroughs Commercial Teller's Machine is so welcome in banks. Already banks from coast to coast can

testify that it brings faster, better service, improved public relations and increased goodwill.

Your local Burroughs representative will gladly show you how your bank can share in these benefits. He'll tell you all you want to know about the operation of the machine and the experiences of other banks with it . . . how they've introduced this new service . . . how they've won increased goodwill and favorable publicity . . . how they've handled the change-over with customers and tellers.

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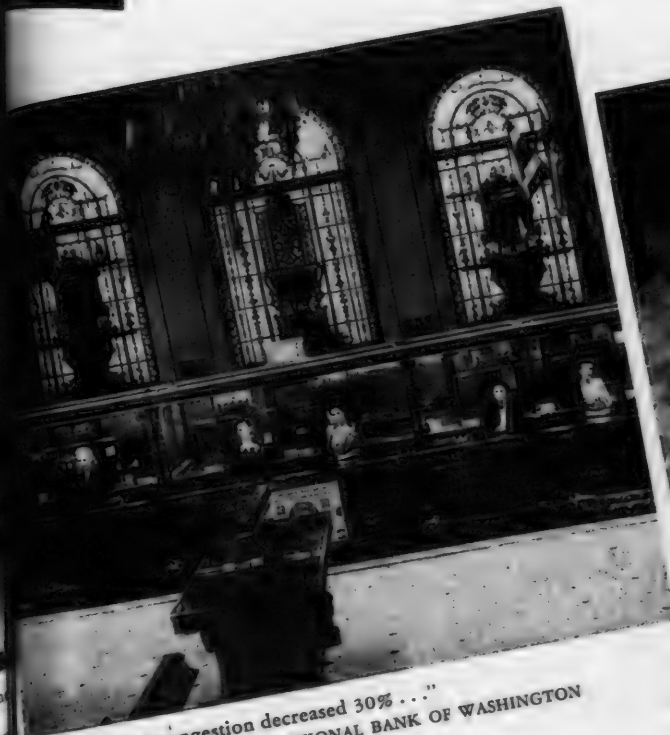
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Fifth Ave. at 44th St. Madison Ave. at 60th St. 40 Rockefeller Plaza
LONDON • PARIS • BRUSSELS

Cash on Hand, in Federal Reserve Bank, and	
Due from Banks and Bankers	\$ 528,013,046.59
U. S. Government Obligations	1,407,618,355.96
Loans and Bills Purchased	789,353,139.34
Public Securities	\$ 100,481,560.01
Stock of the Federal Reserve Bank	9,000,000.00
Other Securities and Obligations	11,808,699.35
Credits Granted on Acceptances	6,988,853.59
Accrued Interest and Accounts	
Receivable	9,971,204.00
Real Estate Bonds and Mortgages	1,351,385.46
	139,601,702.41
Bank Premises	4,879,381.78
Other Real Estate	131,085.40
Total Resources	\$2,869,596,711.48

Capital	\$ 100,000,000.00	
Surplus Fund	200,000,000.00	
Undivided Profits	59,046,425.38	
Total Capital Funds		\$ 359,046,425.38
Deposits	\$2,450,011,993.02	
Treasurer's Checks Outstanding	25,089,414.19	
Total Deposits		2,475,101,407.21
Acceptances	\$ 15,725,651.66	
Less: Own Acceptances Held for Investment	8,736,798.07	
	\$ 6,988,853.59	
Liability as Endorser on Acceptances and Foreign Bills	232,933.00	
Dividend Payable October 1, 1947	3,000,000.00	
Items in Transit with Foreign Branches (and Net Difference in Balances between Various Offices Due to Different Statement Date of Foreign Branches)	1,934,434.78	
Accounts Payable, Reserve for Expenses, Taxes, etc.	23,292,657.52	
		35,448,878.89
Total Liabilities		\$2,869,596,711.48

Securities carried at \$80,358,068.53 in the above Statement are pledged to qualify for fiduciary powers, to secure public moneys as required by law, and for other purposes. This Statement includes the resources and liabilities of the English, French, and Belgian Branches as of September 26, 1947.

J. LUTHER CLEVELAND
Chairman of the Board

W. PALEN CONWAY
Chairman of the Executive Committee

WILLIAM L. KLEITZ
President

GEORGE G. ALLEN	Director, British American Tobacco Company Limited, and President, Duke Power Company	LEWIS GAWTRY	
WILLIAM B. BELL	President, American Cyanamid Company	JOHN A. HARTFORD	President, The Great Atlantic & Pacific Tea Company
F. W. CHARSKE	Chairman, Executive Committee, Union Pacific Railroad Company	CORNELIUS F. KELLEY	Chairman of the Board, Anaconda Copper Mining Company
J. LUTHER CLEVELAND	Chairman of the Board	MORRIS W. KELLOGG	Chairman of the Board, The M. W. Kellogg Company
W. PALEN CONWAY	Chairman of the Executive Committee	WILLIAM L. KLEITZ	President
CHARLES P. COOPER	Executive Vice-President, American Telephones and Telegraph Company	CHARLES S. MUNSON	President, Air Reduction Company, Inc.
WINTHROP M. CRANE, JR.	President, Crane & Co., Inc., Dalton, Mass.	WILLIAM C. POTTER	Retired
STUART M. CROCKER	President, Columbia Gas & Electric Corporation	GEORGE E. ROOSEVELT	of Roosevelt & Son
JOHN W. DAVIS	of Davis Polk Wardwell Sanderland & Kiendl	EUGENE W. STETSON	Chairman, Executive Committee, Illinois Central Railroad Company
CHARLES E. DUNLAP	President, Berwind-White Coal Mining Company	ROBERT T. STEVENS	Chairman of the Board, J. F. Stevens & Company, Inc.
GANO DUNN	President, The J. G. White Engineering Corporation	THOMAS J. WATSON	President, International Business Machines Corporation
WALTER S. FRANKLIN	Vice-President, The Pennsylvania Railroad Company	CHARLES E. WILSON	President, General Electric Company
		ROBERT W. WOODRUFF	Chairman, Executive Committee, The Coca-Cola Company

Member Federal Deposit Insurance Corporation

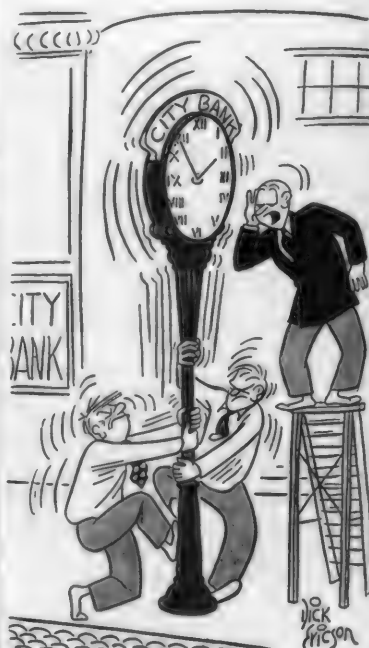
(CONTINUED FROM PAGE 105)

year period, it means an increase of 66 $\frac{2}{3}$ percent in the premium of any bank which previously enjoyed a 40 percent credit.

"Mention should be made of the fact that the quality of their protective installations and alarm equipment, plus preparatory employee bank training, can be credited with recoveries in whole or in part of the loot taken in 27 bank hold-ups and amounting to \$137,000. Prompt action by police authorities—federal, state, county, and local agencies—assisted materially toward effecting 27 recoveries totaling \$137,000; but effective on-the-spot resistance by the staffs in the attacked banks, their resourcefulness and quick action in sounding alarms, made good police work possible. Also, officers and employees of 21 other banks frustrated the efforts and plans of bandits in the course of attack.

"In addition, 33 banks would have suffered loss by burglary except for the reliability of their equipment. These 33 banks frustrated burglaries by the installation of modern vaults and safes, the operation of automatic alarms, plus the counterattack by bank guards and state and local police patrols. Outstanding among the work of state and county police are the various road blocks and blockade systems, one of

(CONTINUED ON PAGE 110)



"Stop shaking, boys. She's going now."

BANKING

Behind the Banking Scene with an **IBM** **PROOF MACHINE** Installation



The IBM Proof Machine speeds items to their destination because checks are sorted, listed, proved, and endorsed simultaneously.

- The machine performs the sorting automatically, thereby reducing operator effort to a minimum.
- Amounts are listed by the operator on a ten-key adding keyboard, permitting touch operation.
- The 8, 12, or 24 distribution tapes available on the IBM Proof Machine reduce relisting operations to a minimum.

There is an IBM Proof Machine available to meet the requirements of any bank.

IBM

ELECTRIC PUNCHED CARD ACCOUNTING MACHINES
PROOF MACHINES . . . SERVICE BUREAUS . . . ELECTRIC TYPEWRITERS . . .
TIME RECORDERS AND ELECTRIC TIME SYSTEMS

International Business Machines Corporation, World Headquarters Building, 590 Madison Avenue, New York 22, N. Y.

November 1947

109

which was augmented by airplane and others by radio cars equipped with two-way communication.

"Other crimes perpetrated by forgers, sneak thieves, and mortgage swindlers numbered 102 forgeries, seven sneak thefts, and 26 mortgage swindles. In the aggregate, 153 crimes of all classifications coming within the Association's Protective Rules, including robberies, were investigated by our agents, The William J. Burns International Detective Agency. Their work resulted in the arrest of 35 of the 74 forgers, and

other criminals taken into custody.

"One of the Committee's major efforts to prevent loss from criminal attack is the A.B.A. Bank Inspection Report. It has been supplied to more than 8,500 member banks to guide them in the proper and thorough inspection of premises and protective equipment. The need for bank inspections and the difficulties encountered by inexperienced people undertaking the task led to compilation of the Bank Inspection Report which was first issued in 1935 and has since been revised several times.

"The Committee has been successful in raising the quality of registered mail

insurance and the Lloyd's Banks' and Trust Companies' Policy. The improvements in Lloyd's contract are effected in their HAN Form (C), Amended 1946 Policy.

"During the past year, negotiations were also concluded for substantial reductions in registered mail and express insurance rates and broadening and clarification of coverages which became effective March 1, 1947." Reliable estimates indicate that these reductions will aggregate about \$1 million annually.

"The Committee continues urging the surety companies to make safe depository liability insurance available to commercial banks by optional endorsement to bankers blanket bonds. We proposed an endorsement similar in substance to the clause which has granted this coverage for many years in the blanket bonds issued to mutual savings banks. For commercial banks the principal advantages of bringing this coverage into the bankers blanket bond are:

- (1) Restoration after one loss is retroactive as to any other prior losses, instead of limiting reinstatement only to subsequent losses as in the separate liability policy.
- (2) Reinstatement premiums are waived.
- (3) Premiums are subject to experience or so-called 'equity' rating, reaching a maximum of 40 percent.

"The Committee believes the commercial banks are entitled to this coverage in their blanket bonds if only because mutual savings banks and savings and building and loan associations have for many years been given this coverage without an additional charge. We also believe that the banks are entitled to experience rating credits in view of the limited hazards involved as reflected by extremely favorable loss experience."



ANGLO
CALIFORNIA NATIONAL
BANK

heart OF THE WEST COAST

Located in the heart of the West Coast, Anglo Bank is well qualified to serve the needs of correspondent banks seeking a western service. Anglo has long been active in the development and expansion of western commerce, industry and agriculture. Anglo's officers will be pleased to share with you their knowledge of current conditions in this area.

Head Office:
1 Sansome Street
San Francisco 20

Anglo's 23 offices located in 13 important California cities offer you complete facilities for your West Coast business.

Growing and Building with the West since 1873

ANGLO CALIFORNIA NATIONAL BANK

Member Federal Reserve System • Member Federal Deposit Insurance Corporation

You may not like it, but you have to admit that the Russian form of government lacks nothing in execution.

The more laws, the more law breakers; the more law breakers, the more laws. This thing can go on forever.

Even the men who aren't born meek get married and get that way.

What's confusing in traffic is the driver who signals that he is turning right and does so.



It pays to **CONSULT YOUR INSURANCE AGENT
AS YOU WOULD YOUR DOCTOR OR LAWYER**

Whether you are a businessman or a householder, or both, you probably don't have to be told about the *need* for insurance protection. The question is whether your present coverages are *adequate* and

common-sense in the light of rising values. The U.S.F. & G. agent in your community is qualified to advise you on such matters. Ask him to review your present insurance protection.



U.S.F. & G.

United States Fidelity & Guaranty Co., Baltimore 3, Md.
Fidelity & Guaranty Insurance Corp., Baltimore 3, Md.
Fidelity Insurance Co. of Canada, Toronto

News for Country Bankers

(CONTINUED FROM PAGE 62)

"Save—Enrich Our Soil" Contest

Prizes amounting to \$3,100 in Treasury Savings Bonds are being offered in a "Save—Enrich Our Soil" contest sponsored by the Memphis, Tennessee, chapter of Friends of the Land; the Memphis *Press-Scimitar*; and the Memphis Chamber of Commerce in cooperation with the bankers association of Arkansas, Mississippi, Missouri and Tennessee.

The purpose of the project is "to stimulate the use of land according to its capabilities and treatment according to its needs."

To qualify a nominee must show evidence of having developed a land-use plan and must have completed one year's application of the needed conservation practices. To qualify for state prizes and participation in the grand prize, a state must have nominations from five or more counties and there must be a county program in each county making the nominations.

This program is channeled to farm operators through the county key bankers in the Memphis trade territory, who nominate contestants. When making a nomination a key banker must furnish a minimum record of (1) a land-use map of the farm; (2) a schedule of conservation practices to be applied; and (3) details of the accomplishments for the current year.

Awards are offered in three categories: (1) Father and son class, in which both participate in the management and earnings of the farm; (2) tenant class for farm operators who rent their land; and (3) owner-operators who manage their own farms.

Garland Johnson, vice-president, The Bank of Elkin, North Carolina, and former chairman of the agricultural committee of the North Carolina Bankers Association, discusses loan with Farmer Albert Caudle, who is carrying out a soil conservation project on his farm. Pictures of purebred cattle are shown on the bank wall



The principal sponsors put up the awards for the three contest divisions. There are three \$500 Savings Bond grand prizes for the four-state winner in each division and \$100 Savings Bonds for state winners under each classification.

The awards are presented to the winners at farmer-banker meetings. These awards serve to stimulate increased interest in the programs already set up by the agricultural committees of the bankers associations in Arkansas, Mississippi, Missouri and Tennessee. The *Press-Scimitar* and other newspapers in the Memphis trade area have given generous publicity coverage to this project.

Banker Discusses Aid to Forestry

Reprints of an article from the *American Forests* entitled "A Banker Looks at Forestry," by X. L. Pellicer, vice-president of the St. Augustine National Bank, St. Augustine, Florida, a forest landowner and for the past two years president of the Florida Forest and Park Association, are being distributed by the Florida Bankers Association.

In this article, Mr. Pellicer gives the forestry industry some hints on how to gain the support of bankers in reforestation programs. He quoted at considerable length from a recent article by Brown R. Rawlings, economist of the Federal Reserve Bank of Atlanta, which appeared in the *Monthly Review* and gave a comprehensive analysis of the forestry industry in the South.

Mr. Pellicer told how he started to participate five years ago in a civic movement to obtain passage of a "no fence" law (outlawing the open range) and how this law was finally enacted this year and a referendum held last month, which he anticipated would "carry by a large majority."

Country Banker Compared to Doctor, Minister

"In the small community, a country bank must justify its existence," said Mrs. Manuella C. Taylor, vice-president of the Pascagoula-Moss Point Bank, Pascagoula, Mississippi, during a forum discussion of the bank services at the annual convention of the Association of Bank Women in Atlantic City.

"The smaller the bank and the smaller the town, the closer the personal contact must be," Mrs. Taylor said. "Our business deals basically with character. . . . We educate every employee to be active in public relations. We demand of our personnel neatness, alertness and affability; and a spirit of friendliness and cooperation is encouraged."

Mrs. Taylor likened the country banker to the country doctor and the minister in his relationship to the family circle, stating that "the country banker often cures both physical and spiritual deficiencies by giving the necessary financial hypodermic, in just the right manner and at the most opportune time through intimate knowledge of the community and its people."



Members of A.B.A. Country Bank groups discuss legislative problems at meeting in Washington. Left to right, Giles H. Miller, Jr.; Frank R. McGeoy, Jr.; F. E. Snedecor; Harold Parker; A.B.A. Vice-president Evans Woolen, Jr.; John N. Thomson; N. V. Torgerson; Charles T. O'Neill; R. N. Downie; John H. Crocker; and Jessie W. Tapp



Stop Paying **RENT!**

**Now you can OWN your
Microfilming Equipment**

You do not have to pay rent indefinitely to microfilm checks and other transit items. Now you can own your microfilming equipment. Film-a-record is *one* microfilming machine which you can buy as well as lease. You can buy a Film-a-record and a Reader—and get prompt delivery on both.

With Film-a-record you get more than record protection and 99% saving in space. For instance:

- At the usual reduction your records show up sharp and clear on the Reader screen. But if you have records to which you refer frequently, you can easily microfilm them so the images appear 26% larger than the originals. Simply substitute a Film-a-record camera taking larger pictures—you don't have to replace the whole machine.

- The Film-a-record Color Stat enables you to get uniformly clear and readable micro-images regardless of the color of checks or other records.
- If you microfilm records sideways to save film you can bring the images into position on the screen simply by the twist of a knob.

CONTRACT SERVICE

For efficient retirement of your inactive records we offer you records filed on film with Micro-Matic Controls. Under this new system our contract service furnishes the machines and the experienced personnel to prepare and microfilm your records. We duplicate your present filing system on film—provide you with accurate indexing, complete coverage, and rigid film inspection.

You know the advantages of owning your equipment instead of paying rent indefinitely. You can learn the advantages of owning your own Film-a-record by sending us this coupon. Act today!

Remington Rand

FILM-A-RECORD • ROOM 1654 • 315 FOURTH AVENUE, NEW YORK 10

Gentlemen: Please send me, without obligation, complete details about Film-a-record and the advantages of owning my own.

NAME.....

BANK.....

ADDRESS.....



Methods and Ideas

Push-Button Banking

METHODS-MINDED bankers attending the A.B.A. Atlantic City convention took advantage of their opportunity to study the 1947 varieties of machines, services and supplies offered by the educational displays.

Hundreds of delegates visited the exhibits between sessions, watching demonstrations of machines and other aids that facilitate the mechanics of banking and promote efficiency, speed, accuracy and good service. With equipment again in production, the bankers found that the varied items shown at the convention were again available and that orders would not be subject to unusual delays. In other words, more manufacturers are on a peacetime basis than a year ago.

Bankers who stopped off in New York on the way home had a chance to see the more general exhibition that constituted the National Business Show. Filling two spacious floors at Grand Central Palace, the show attracted a throng of visitors who came to look, listen—and buy. Exhibitors reported that spot sales and leads had reached an all-time high; they also commented on the fact that more visitors than usual seemed to have come because they were seriously interested than because they were curious.

At both shows the continued application of electronics to the uses of business was evident. Electricity has been harnessed to more and more of the routine processes of commerce in the never-ending drive to produce more work with less human effort. Bank management still depends on men's thinking and decisions, but bank operation is leaning heavily on the push button.

Clip File

Some time ago, the A.B.A. Savings Division prepared a paste-up scrapbook showing the business machines and other equipment adapted to stand-

ard methods and procedures of operating a savings department. In effect, this was a simple, practical operations manual. It was loaned to member banks requesting information on setting up a savings or time deposit department. In no time, several duplicate scrapbooks were prepared to meet an increasing demand for this type of information. Now they are in constant circulation.

This activity prompted us to do a little spotchecking among banks to see how well such manuals work. Perhaps we shouldn't confess our surprise at finding that a good many banks keep scrap-files on new machines and miscellaneous equipment, as well as news stories and report data on all phases of bank operation. They say that this is the way to keep posted; that an idea gleaned here and there helps tone a department to its peak efficiency at all times.

What goes into such files? For one thing, such case experience stories as appear in **BANKING**. For another, manufacturers' literature such as is offered by many advertisers in our pages. And still another, ads illustrating new products clipped from **BANKING**.

We have a hunch that you'll find in

any issue good material to start such a scrapbook. You never know when you might need information or an illustration of some business machine or product, and this is the quickest way to assure that it waits in a handy up-to-date file.

Postcard Checks

FIRST BANK AND TRUST COMPANY of South Bend, Indiana, has a new postcard check which, President J. D. Barnette points out, "makes a substantial saving in mailing cost and does away with the inconvenience of having to use an envelope."

The check, $5\frac{3}{8}$ inches long by $3\frac{1}{2}$ wide, enables customers to pay bills and make other remittances by simply filling out the card and dropping it in a mail box. The reverse side contains lines for a name and address. It is sold to customers in books of 20 for the cost of the 20 stamps which are affixed, and is being used by owners of regular as well as special five-cent checking accounts. In the case of the latter, the cost of the books is higher.

Attached to each check at the left, but not shown in the illustration below,

(CONTINUED ON PAGE 116)

One bank says this saves money

POSTCARD CHECK		No. _____
<small>Another FIRST BANK Service</small>		
South Bend, Ind., _____		19____
Pay to the order of _____	\$ _____	
	DOLLARS	
Name _____		
Address _____		
FIRST BANK & TRUST COMPANY		
OF SOUTH BEND, INDIANA	71-1212	In payment of account No. _____

If you did the cooking...

There'd be no stove to compare with yours.

But then—out of consideration for the person who does the cooking in your home—you've probably supplied her with the best.



If you did the typing...

No typewriter could hold a candle to yours.

Perhaps—to ease and speed the work of those who do the typing—you've already made sure that your secretarial staff has Royals. The best!



No "ifs" about it—Royals are tops!

Popularity! A national survey shows that Royal is the favorite typewriter among secretaries and typists—*preferred 2 to 1* over any other typewriter! Your typists will do more work, better work on machines they prefer to use!

Royal efficiency! There are work-saving, time-saving features on a Royal not found on any other typewriter! Meaning—higher production per machine!

Royal durability! These typewriters are *really* sturdy. Royals stand up . . . spend more time on the job, less time out for repairs. With Royal, you get the maximum return for your typewriter investment!



ROYAL~*World's No. 1 Typewriter*

Worried about Saturday Closing?



Cash More Checks in Less Time with Proved Fas-Cash System

Here's an easy way to get five and a half days' work done in five . . . to help solve your "Saturday closing" problem.

All you have to do is use the Fas-Cash System. It cuts check-cashing time in half . . . doubles your check-cashing capacity.

You see, this proved method does away with counting and proving money every time it's paid out. With it your tellers can cash a check in as little as five seconds . . . cash up to 400 checks an hour.

Improves Customer Service

Your customers will like the faster, more efficient service the Fas-Cash System assures. They'll appreciate the way it helps keep lobbies clear and uncongested.

So if you're worried about Saturday closing, do as other leading banks have done. Speed up your check-cashing operations with the Fas-Cash System. Send coupon for details.

FREE!

Send coupon below for your free copy of illustrated folder. Explains how and why the Fas-Cash System will save you money.



FAS-CASH SYSTEM

Enables 1 Teller to do the Work of 2

FAS-CASH SYSTEM, INCORPORATED
Dept. BA-11, 1356 National Bank Bldg.
Detroit 26, Michigan

Yes . . . we want to improve customer service. Rush details about the Fas-Cash System, together with free illustrated folder.

Name _____
Bank _____
Address _____
City _____ State _____

(CONTINUED FROM PAGE 114)
is the usual stub for the customer's records.

Enterprise

A bit of luck and a large amount of enterprise figured in a recent newspaper advertisement of THE FRANKLIN SAVINGS BANK, New York City.

The bank has been running a series of "inquiring photographer" interviews with customers as they wait their turns at the windows. They are asked such things as why they save and how the thrift habit helps them, and then their "quotes" and pictures appear in the ads.

One morning the photographer questioned Mrs. Elsie Hurba as to what her business in the bank happened to be that day. She said she was withdrawing money to buy a dress for the New York *Daily News* "Harvest Moon Ball" contest in which she and her husband were entered. Her statement and photo appeared in the bank's next advertisement.

The bank followed the dance contest closely, watching with interest as Mr. and Mrs. Hurba progressed through the preliminaries to the finals.

"In a consultation with our advertising agency, Samuel C. Croot Company, Inc.," reports Assistant Comptroller John H. Roach, "we concluded that here was an opportunity to make our advertisement appear concurrently with the news story in the event the Hurbas won."

On the day of the finals the *News* agreed to make a between-edition change in the bank's ad if Mrs. Hurba won, and that night Robert Croot of the agency was present at Madison Square Garden to report the decision.

The Hurbas in the "Harvest Moon" fina



M. T. DAILY NEWS PHOTO

"Our luck held," says Mr. Roach, "Mrs. Hurba was selected, and with the *News*' cooperation we were able to run our congratulatory ad in the third, fourth and fifth editions of the paper, reaching a circulation of 1,700,000."

The ad, featuring Mrs. Hurba's picture, read: "Congratulations, Mrs. Elsie Hurba! When you told us in that interview a few weeks ago that you were drawing out money 'for some very special dresses' to wear when you and your husband competed in the Harvest Moon Ball we thought you'd come through with flying colors—you sounded so confident. That kind of confidence, we might add, so often goes hand in

The

Bellevue-Biltmore

BELLEAIR, FLORIDA

*For the perfect
Winter Vacation*

The Bellevue-Biltmore Hotel provides incomparable facilities for recreation and relaxation in Sunny Florida. Its luxurious appointments, unexcelled service and cuisine meet the exacting demands of the discriminating vacationist accustomed to gracious living and congenial social environment.

18 hole championship golf course at the hotel. Charter fishing cruises from the hotel docks; fresh water swimming pool; surf bathing; tennis, riding horses and other sports and amusements. Dancing nightly in the hotel's Starlight Room.

American Plan Selected CHentele

Season from January 10th through early April.

Early reservations advised to insure choice accommodations.

Illustrated brochure on request, address:

The Bellevue-Biltmore

Executive Offices:
412 Ford Building
Detroit 26, Michigan
Telephones: Cadillac 9193-4
After December 15th, address

THE BELLEVUE-BILTMORE
BELLEAIR, FLORIDA

hand with the *will to save* for the things a person really *wants and needs*."

Christmas Is Coming

The sudden realization of that fact sent this department to its "Christmas Ideas" folder for some notes on how banks help spread the Yuletide spirit in their communities. From the file we take a few ideas that may be of interest to other banks in making their Christmas plans.

Banks having staff choruses or glee clubs feature these groups in their holiday festivities. A survey made by BANKING nearly a year ago revealed 34 such organizations, and it seems safe to say that all of them give special concerts at Yuletide. Banks equipped with wired-in music provide seasonal programs for lobby visitors and employees.

Some banks present Christmas concerts by outside choral groups. Notable among these is THE CITIZENS NATIONAL of Waukegan, Illinois, which annually invites church choirs and other vocal organizations in the county to take part in a series of programs at the bank each evening during the week before Christmas. An organ is installed, microphones are set up, loudspeakers are mounted on the roof of the bank and the control panel is made ready in a teller's cage. On the first night the mayor of Waukegan and the president of the chamber of commerce open the program. Usually 30 to 40 choruses participate in the week's productions, which are broadcast between 7 and 9 P.M. The Blue Jacket Choir from the Great Lakes naval training center and the White Robed Choir from the Tabernacle at Zion, Illinois, are among the choral organizations that have taken part. D. I. MacDonald, assistant cashier of the bank and general chairman of the program, originated this popular Christmas observance in 1938.

Young visitors to Franklin Square (N. Y.) National Bank got lollipops last Christmas



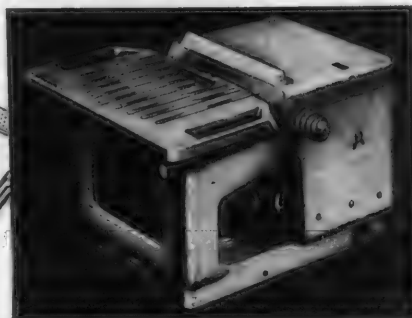
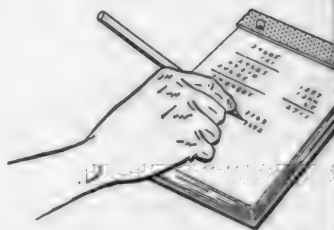
THE FRANKLIN SQUARE (New York) NATIONAL BANK gives a marionette show each year for school children. On the three days after Christmas last year more than 4,000 youngsters saw a professional presentation of "Pinocchio" in a school auditorium. As the feature of its 1946 holiday decorations, the bank displayed Tintoretto's "Adoration of the Shepherds," loaned by a New York gallery. The picture was on a balcony overlooking the lobby, where a diorama of the Nativity was also shown. Another feature was the distribution of 5,000 lollipops by the bank's Santa Claus to young visitors.

Special window and lobby displays

offer almost endless opportunities for observing Christmas. Advertising has its important place, too. One of the unusual ads published last year was a full page display by THE FIRST NATIONAL BANK of Meadville, Pennsylvania, which printed pictures of all members of the staff, arranged to form a conventionalized Christmas tree.

THE FIRST NATIONAL BANK of Leesburg, Florida, in its advertising column, "The First National Tell-Tale Teller," written by Belle S. Hamilton, offered seasonal comment in its pre-Christmas copy, calling attention to the bank's decorations and offering general comment on the holiday.

Any way you figure it CUMMINS 250 ELECTRIC ENDORSER Saves TIME and MONEY



Use Cummins 250 while you list or prove deposits and you save time and money, because you completely eliminate one handling of checks.

Use Cummins 250 separately and you reduce endorsing time to a minimum by automatically endorsing checks as fast as you can feed them into the machine.

Use Cummins 250 to eliminate the expense of checks being returned marked "No endorsement".

Use Cummins 250 for these *extra* time-saving advantages: The machine never misses . . . never skips . . . Impressions are always clear and sharp . . . Endorsements are always complete, legible and uniform.

- SIMPLE AND EASY to operate — requires no specially trained help.
- QUIET — All noise of stamping eliminated.
- WHEEL-TYPE DATE UNIT — No type to set.
- LUBRICATED FOR LIFE — Requires no special attention.

Yes! Any way you figure it, you are *time and money* ahead when you use Cummins 250 for endorsing. The machine starts paying for itself the day you start to use it and refunds its purchase price many times.



Pioneer Manufacturers of Check Endorsers, Signers, Receipters and Perforators.

"Safeguarding your transactions"

CUMMINS BUSINESS MACHINES CORP.

Formerly CUMMINS PERFORATOR

4752 Ravenswood Avenue, Chicago 40, Illinois

Please send me complete information about Cummins 250 Endorser.

Name _____ Title _____

Company _____

Address _____

City _____ Zone _____ State _____

Photo Display

ERIE COUNTY SAVINGS BANK of Buffalo used its new exhibit room last month for the display of 220 photographs taken in the city and Western New York by Wilbur H. Porterfield of the Buffalo *Courier-Express*.

"Mr. Porterfield's discerning camera work," said Dexter P. Rumsey, president of the bank, "points out the beauty of our city and the country around in ways that most of us fail to appreciate when left to ourselves."

The display was the second of a series to be shown in the exhibit room; the first was a showing of local products.

The photograph exhibit at Erie County Savings Bank of Buffalo



Effective co-ordination

of all departments assures rapid, efficient handling of every type of banking transaction. You are invited to use any or all of our facilities.

CITY NATIONAL BANK AND TRUST COMPANY of Chicago

208 SOUTH LA SALLE STREET

(MEMBER FEDERAL DEPOSIT INSURANCE CORP.)



Bank Flower Show

Music was an added feature at the annual flower show of the SECOND NATIONAL BANK OF PHILADELPHIA this year. Vice-president William G. Semisch arranged for the installation of an organ which was played at intervals during the two days of the show by Horace A. Melling, a teller.

More than 300 exhibits were entered by amateur gardeners of Philadelphia. There were awards for flowers, fruits and vegetables, and arrangements. Promotion included posters in store windows, invitations sent by mail, newspaper advertising and publicity. Large crowds saw the display.

Bank Shares Sign

CENTRAL BANK of Oakland, California, is sharing a new fluorescent sign with the city's civic organizations.

Beneath the bank's message is a space 34 feet long and five and a half

Where are the Costs of Yesterday?



Well, if you are thinking of building costs, the answer is they're out of sight. If you bought insurance within the past five years, you are probably under-insured now. The thing to do is to check your present insurance against the present cost of reproducing the property and then make the necessary adjustments. But do it now.

THE PHOENIX INSURANCE COMPANY

Hartford 15, Conn.

The Connecticut Fire Ins. Co.
Hartford, 15, Conn.

Atlantic Fire Insurance Company
Raleigh, North Carolina

Great Eastern Fire Insurance Co.
White Plains, N. Y.

Reliance Insurance Company of Canada
Montreal 1, Canada

Equitable Fire & Marine Ins. Co.
Providence 3, R. I.

The Central States Fire Ins. Co.
Wichita 2, Kansas

Minneapolis F. & M. Ins. Co.
Minneapolis 2, Minn.



high whereon Red Cross drives, community chest campaigns, flower shows and other public projects can be advertised. Fluorescent paint makes the entire sign brilliant at night.

(CONTINUED ON PAGE 120)



GEORGE J. KLOEPFER

VICE PRESIDENT

LIBERTY BANK

OF BUFFALO

says:

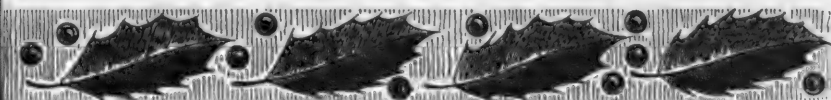
"Christmas Club members are particularly good prospects for installment loans because they have demonstrated thrifty habits. During the past year many requiring a loan for financing an automobile or household appliance have come to us because they already know Liberty Bank through Christmas Club."



The plan of Christmas Club makes the practice of saving so easy that it becomes a habit with the millions of Christmas Club members. And, each year, new thousands acquire this habit through banks and savings institutions offering the service of Christmas Club, a corporation which, for 37 years, has nationally promoted the Christmas Club idea.

They constitute a vast and constantly growing reservoir of desirable prospects for other banking services and facilities—a selective group of thrift-minded people who become familiar with and friendly to their Christmas Club bank through regular visits to the banking floors.

They look for this familiar emblem—and save where they find it. It identifies the bank of friendly service.



Christmas Club

a corporation • HERBERT F. RAWLL, FOUNDER

341 MADISON AVENUE, NEW YORK 17, N. Y.

BUILDS SAVINGS • BUILDS CHARACTER • BUILDS BUSINESS FOR BANKS

(CONTINUED FROM PAGE 118)

News About Banks

CALIFORNIA BANK & TRUST COMPANY is constructing a functionally-designed bank and office building at the corner of Vine Street and Selma Avenue, Hollywood, to provide larger quarters for its Hollywood and Vine office.

CENTRAL NATIONAL BANK of Des Moines is sponsoring all University of Iowa football games on Station KSO.

The LOUISIANA SAVINGS BANK AND TRUST COMPANY of New Orleans is

planning a remodeling and air-conditioning program.

The IRVINGTON (New Jersey) NATIONAL BANK is in its third season as sponsor of play-by-play broadcasts of home games of the Irvington High School football team.

The MARSHALL & ILSLEY BANK of Milwaukee, observing its centennial year in 1947, has had a number of interesting Americana exhibits in its lobby. One of them comprised some 40 dime novels, loaned by the Dime Novel Club of New York City.

Six canaries are now trilling for the customers and staff of the ROCK ISLAND (Illinois) BANK AND TRUST COMPANY. Each bird has its own cage. Four are suspended from the balcony, one is in the safe deposit department, and the sixth is in the office of the president.

The ST. CLOUD (Minnesota) STATE BANK's 30th anniversary was the occasion for a double spread in the local newspaper. The copy included the congratulations of local merchants to their "good neighbor."

Sales resistance is a bad thing. Finally when you buy, you have to pay for all the effort that has been used to get you to buy.

Waves of prosperity, to the spend-thrift, are only breakers.

There is something to be said for a woman who has a small income. She can pay only \$2.98 instead of \$25 for a \$2.98 hat.

What the modern girl needs to be a good cook is a kitchen run by a steering wheel.

The illegality of bookmaking rests on the fact that it's wrong to bet on a horse race unless you have the money and time to go and see it.

There is one thing about the election machinery of some Latin American countries—when a candidate is eliminated, he is eliminated.

Home is about the only place now where you don't have to make advance reservations.

After a foreign newspaper correspondent presents his credentials in Moscow, we wonder what he does until the next train leaves.

The author or speaker who has an inimitable style always has plenty of imitators.

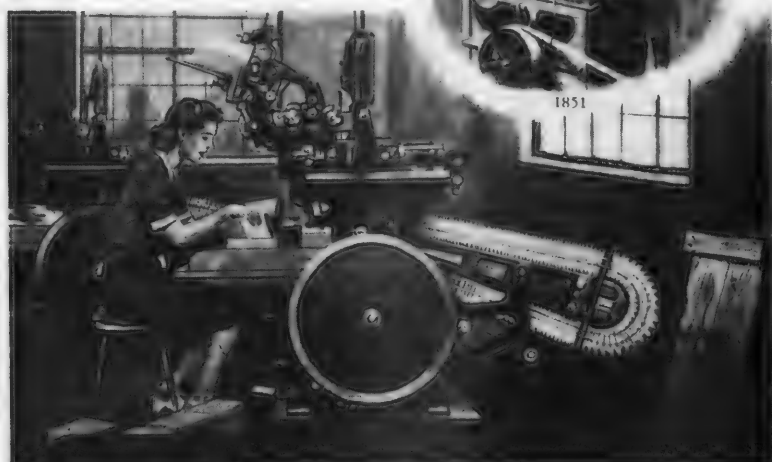
If they would erect some statues of bronze tax payers, it might help prevent the next war.

After science invents an electric can opener, what else is there to do for the kitchen?

The only rights the opposition has in a dictatorship are the last sad rites.

The strongest argument for a heavy inheritance tax is that dead men can't vote.

PAPER for Envelopes . . .



For maximum effectiveness, always specify Eagle-A envelopes to match—available in all Eagle-A bond papers.

Early envelopes — dainty novelties made by hand — were later produced by machines that created a sensation at the London 1851 Exposition. Even more sensational are today's machines which daily convert modern papers into millions of envelopes.

EAGLE-A COUPON BOND

EAGLE-A AGAWAM BOND EAGLE-A CONTRACT BOND
EAGLE-A ACCEPTANCE BOND EAGLE-A TROJAN BOND

Nationally known and accepted, this group of Eagle-A Papers offers a wide range of envelopes for commercial and business use.

Durable because of their cotton content, ranging from 100% to 25%, these papers withstand hard usage and their quality appearance imparts that "first impression" so vital to important messages.

When ordering from your Printer, Lithographer or Engraver, always specify Eagle-A envelopes to match Eagle-A bond papers.

Ask your Stationer for EAGLE-A TYPEWRITER AND BOXED PAPERS

EAGLE-A PAPERS

AMERICAN WRITING PAPER CORPORATION • HOLYOKE MASSACHUSETTS

Process Charts Save Steps

(CONTINUED FROM PAGE 30)

attitude is developed which submits each step to close scrutiny suggesting the best way to do it.

Some of the questions are:

Why must the work be done? Can it be eliminated?

What makes it necessary?

When could it be done more economically?

Where should the work be done?

Where else is it being done? Are there duplications?

Who is the proper person for the job?

How should the work be done?

Can equipment or method be improved?

Other general questions furnish leads to additional improvements.

In a recent study made of the procedures which cleared through our former vertical card central file we found the process chart effective in bringing to light many unrealized conditions and suggesting the logical way to fullest improvement.

For example, we noticed in studying the "before" chart (illustrated) of the procedure to open a commercial account that the new signature cards went to our central file, where the title of account and address were typed to the central file card. The signature cards then were used to type up a daily report in triplicate. One copy of this report went to our addressing machines, where a plate was cut from which the bookkeeping statement and other records were headed up. Another copy went to the bookkeeping department where it was used to type up copies of the new and closed report for our officers.

By questioning every step in the process we became aware that by routing the signature cards to our addressing equipment first the operator could head up our new customers' information file card from the address plate at the same time that she headed up the bookkeeping statement. This saved the typing job formerly required in the central file department.

It will be noted that both steps 11 and 23 of the "before" chart indicate daily reports. The "where" question brought out that separate reports were not only being made for opening commercial accounts but also for closing commercial accounts, for opening special interest accounts and for closing special interest accounts, etc.

By examination of step 15 in the "after" chart it will be noted that these reports have been consolidated. This resulted in appreciable savings both in the number of procedural steps and also in transportation distances. This is true in both charts and also for other charts made for other procedures studied but not shown.

When we charted our procedure for handling credit inquiry letters we found a great deal of room for improvement. These letters arrive at the mail desk in three mails daily. Through habit the practice had grown up for the clerk to go first to the commercial

bookkeeping department, where an inspection was made of the ledger to check whether the individual under inquiry had an account. This meant bothering the bookkeeper unnecessarily because many times there was no account. Then the clerk went to the special interest department, small loan department, etc., following the same procedure and finally bringing the information to the credit department for action.

Under our new plan the letters clear our customers' information file and, if there is no commercial account or special interest account, obviously it is

for more profitable banking

- * **Rand McNally BANKERS DIRECTORY (the Blue Book)** has been the indispensable source of complete, up-to-date banking information—the favorite financial reference—of all banks for more than 75 years.
- * **The KEY TO NUMERICAL SYSTEM** of the American Bankers Association with Check Routing Symbols, published exclusively by Rand McNally, contains latest transit numbers and check routing symbols, speeds up transit work in all banks.
- * **Rand McNally BANKERS MONTHLY**, the independent banking magazine of tested ideas for increasing bank income and reducing bank expenses, is welcomed by the banks of the country every month.
- * **Rand McNally SAVINGS CLUB AND COLLECTION SYSTEMS** win customer good will, eliminate errors, save time and money.

For complete information, address

RAND McNALLY & COMPANY

Banking Division

536 S. CLARK STREET CHICAGO 5, ILL.

FOR YOUR "REGULAR" PERSONAL CHECKING ACCOUNTS

Checkretary

The New and Unique ALL-IN-ONE POCKET SECRETARY AND PERSONALIZED CHECKSET

combining

- PERSONALIZED DEPOSIT SLIPS AND CHECKS
- BANK-IMPRINTED MEMORANDUM PADS
- HANDSOME LEATHER WALLETS (5 Striking Colors)
GOLD-STAMPED WITH DEPOSITOR'S NAME
- 3 WALLET POCKETS for PAPERS, CARDS, BILLS, CHECKS
- IMPROVED DEPOSIT-BALANCE RECORD, "HAPPINESS
INSURANCE" PAGE, OTHER EXCLUSIVE FEATURES
- PREPAID, READY-TO-USE, REORDER POSTCARD
- CHECKSET SHIPPED DIRECT TO DEPOSITOR

Standard 6 1/4" check • Routing symbol in ABA approved position

CheckMaster

SYSTEMS, INC.

270 MADISON AVENUE, NEW YORK 16, N. Y.



Open Sesame

That is just what school savings can do for your bank. It will open the door in every home in the community to you . . . not just once . . . but week after week . . . year after year . . . For years School Thrift, Inc., has specialized in school savings. Our programs are flexible, low in cost, extremely effective and easy to operate. We furnish

**ALL SCHOOL AND BANK SUPPLIES • COMPLETE INSTALLATION
EDUCATIONAL PROGRAMS • PERSONAL GUIDANCE**

There are great possibilities for your bank in this field. Write us today entirely without obligation.



270 MADISON AVENUE, NEW YORK 16, N. Y.

SCHOOL SAVINGS HEADQUARTERS

unnecessary to go to those departments and bother the bookkeepers.

In this one over-all operating study of nine related procedures, 14 separate process charts were constructed. These pointed out total savings of 71 procedural steps and 3,085 feet of transportations, representing savings of 41 percent and 53 percent respectively.

The bank's president, W. B. Unbehend, suggested the charts be made available to our employees so that they could become better acquainted with our internal operations.

What to Do About Germany?

(CONTINUED FROM PAGE 40)

to the resumption of more normal trade relations with the rest of Europe.

Imports Needed for a Long Time

These actions in themselves, however, will not suffice to ensure the rehabilitation of the German economy. For several years to come, the bizonal area will need imports of foodstuffs, raw materials and capital goods to such an extent that the proceeds of exports can cover only part of the needed sums. During the first six months of 1946, the United States and the United Kingdom jointly and equally had to finance the import surplus caused by the shipment of vital necessities (mainly bread grains) to the amount of nearly 300 million dollars. In the immediate future, the import surplus will become larger rather than smaller; imports of raw materials and capital goods, which were almost completely lacking in 1947, must be resumed on a considerable scale in the near future if the recovery program for all of Europe is not to suffer further delay. For 1948, the Committee of European Economic Cooperation estimates the deficit in relation to the Western Hemisphere at \$1,150 million, or almost twice the annual rate of the import surplus for the first half of 1947.

Discussions with the United Kingdom are taking place at this writing to fix the share of each of the occupying powers in the expected bizonal deficit for 1948. Whatever the outcome of these discussions, the American Treasury and thus the American public will have to bear a heavy burden. This sacrifice will be worth while, however, if it enables us to reach our goal in Germany and thus to contribute to the stabilization of the European economy. Upon the economic stability of Europe depends our hope for peace in the world.



AMERICAN EXPRESS

Travelers Cheques

on the Air with

"VOX POP"

the Show that Travels
AMERICA

with

Parks Johnson and Warren Hull!
COAST-to-COAST NETWORK

VOX POP, the famous Traveling Radio Show, is the national program which now will sell American Express Travelers Cheques for you—the biggest national promotion for Travelers Cheques anytime—anywhere!

Get your full share of the new American Express Travelers Cheque business that this highly popular program is sure to develop.

Let clients know, through your own local promotional tie-in, that you sell and recommend American Express Travelers Cheques... for they will be wanting to buy and ready to buy American Express Travelers Cheques—the "most widely known, most readily accepted" of all travel funds.



Tune in ABC Network
WEDNESDAYS

8:30 P.M. EST • Consult your paper
for local time.

Beginning October 1



For effective promotion material
—newspaper mats, counter cards,
blotters, literature—write W. H.
Stetser, Vice President, American
Express Company, 65 Broadway,
New York 6, N. Y.

Sell Your Customers
AMERICAN EXPRESS
Travelers Cheques

most widely known—most readily accepted

Pounds, Francs, Yen and Yuan

(CONTINUED FROM PAGE 37)

as part of the effort to dramatize abroad Britain's needs. It was incorrect, Mr. Gutt said, to call this a "loan." Nor did Mr. Gutt accept British press descriptions of the cost of the operation to Britain as "punitive interest." Actually, Mr. Gutt said, the interest rates of the Fund "are moderate . . . about as low as any in the world." Yet at his earlier London press conference Gutt himself had called the Fund's operations "loans." And, in answer to a question

as to why more members have not used the Fund's resources, Mr. Gutt stated: "Maybe one of your colleagues touched on a sore point when he mentioned . . . 'punitive interest'." As Gertrude Stein would say: A word is a word is a word. In Washington it is understood that the Fund has heretofore frowned on operations which would dissipate its resources.

Mr. McCloy, replying to a reporter's inquiry, observed that the World Bank

is "not in the stop-gap business"—although the Paris Conference thought it should be. At the press conference and in his London broadcast the Bank's president called attention to a little known fact, that of all the institution's members, only the U. S. and Belgium had given permission to the use for lending purposes of the capital they had paid in. It would seem that the supposedly international venture in lending so far boils down to little more than international supervision of the lending of American money. Mr. McCloy expresses the understandable view that the Bank should "consider ways and means whereby, even in this transition period, the currencies of member countries other than the United States may be made available to the Bank for lending purposes."

Down Pennsylvania Avenue

Passing the Mayflower Hotel the other day I noticed a long line of taxis waiting for customers. The contrast with wartime, when guests seeking taxis cluttered the sidewalks in front of the hotels, struck me. On Constitution Avenue, in front of the Federal Reserve Building during the war you could see a regular flow of taxis rounding the corner and unloading their fares in front of the Munitions Building. Now everything there is reasonably peaceful. But if the European aid program is going to mean a lot of government controls of one sort or another, hotel rooms here may again go to a premium and visiting businessmen may again be looking up their friends for a place to sleep.

I don't mean to suggest that things in Washington have got back to prewar "normal" by any means. Just because taxis are easier to get and mufti has replaced beribboned khaki on the streets and other public places doesn't imply that everything is again on a peacetime basis. If you want a table for two in the Cosmos Club dining room, overlooking the park which served as "Barny" Baruch's office, you still had better get there pretty close to noon. Living quarters in the capital are still scarce and landlords are obtaining rent increases from the local rent control administration while they try to shake off the last vestige of the wartime controls. In the shops it is rare to find an unoccupied clerk. Everywhere you seem to have to wait on yourself, or just wait.

In various government offices the interdepartmental activity on the Marshall Plan and the Paris Report is somehow reminiscent of our prewar days when the Federal Reserve Board made

(CONTINUED ON PAGE 126)

CONDENSED STATEMENT

FIRST NATIONAL BANK IN ST. LOUIS

At the Close of Business, October 6, 1947

RESOURCES

Cash and Due from Banks	\$117,306,423.22
U. S. Government Securities	151,472,895.75
Loans and Discounts	171,190,750.74
Other Bonds and Stocks	10,321,055.54
Stock in Federal Reserve Bank	591,000.00
Banking House, Improvements, Furniture and Fixtures	321,878.30
Other Real Estate Owned	893,002.00
Customers' Liability a/c Letters of Credit, Acceptances, etc.	1,907,400.29
Accrued Interest Receivable	940,956.98
Overdrafts	37,162.22
Other Resources	4,009.79
	<u>\$454,986,534.83</u>

LIABILITIES

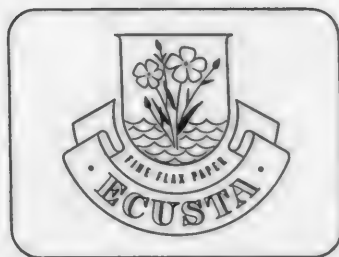
Capital Stock	\$ 10,200,000.00
Surplus	9,500,000.00
Undivided Profits	8,197,367.15
Dividend Declared, payable November 28, 1947	240,000.00
Reserve for Taxes, Interest, etc.	1,772,914.05
Unearned Discount	244,403.88
Liability a/c Letters of Credit, Acceptances, etc.	1,907,400.29
Other Liabilities	4,003.56
Demand Deposits	\$354,178,149.88
Time Deposits	60,444,649.28
U. S. Government Deposits	8,297,646.74
Total Deposits	<u>422,920,445.90</u>
	<u>\$454,986,534.83</u>



St. Louis' Largest Bank

Member Federal Deposit Insurance Corporation

Ecusta Papers
Make Letterheads Look
IMPORTANT



FINE FLAX WRITING

LINEN FLAX WRITING

FINE FLAX AIR MAIL

FLAX-OPAQUE BIBLE AND PRINTING PAPERS

BOXED TYPEWRITER PAPERS

Ecusta Paper Corporation

HISGAH FOREST, NORTH CAROLINA

(CONTINUED FROM PAGE 124)

available a few rooms at the head of the marble stairs for the use of several businessmen, including a mail-order man named Nelson, who had come to town to advise the Government on problems posed by the trouble in Europe.

How Vital Are Exports?

Despite the large volume of U. S. exports of merchandise, heavily financed by loans and gifts, the ratio of exports to total domestic production indicates that a material shrinkage in exports would hit heavily only a relatively few industries. A study by the Commerce Department's Special Programs Divi-

sion has calculated this ratio for a large number of industries for three prewar and two postwar periods.

Comparing January-June 1947 with the full year 1939, the Commerce Department finds the above ratio for cotton cloth has risen from 4.1 to 13.5 percent; hosiery from 0.9 to 6.1; bituminous coal from 2.9 to 9.6; anthracite from 5.0 to 14.3; and freight cars, reflecting especially large French orders, from 0.7 to 41.0. Various other industries, however, show no spectacular changes. The corresponding prewar and current ratios for electrical machinery and apparatus exports, for example, were 5.9 and 8.3; machine tools 44.5

and 42.5; passenger automobiles 5.7 and 7.7; lumber 4.2 and 4.2.

While exports are much larger than prewar, so too is our productive capacity. Commerce Department officials point to the large backlog of domestic demand as justifying the conclusion that, under present circumstances, a collapse of the export boom would not be disastrous to American industry in general.

Pardon the Russian Accent

To escape being crushed by these grim times one needs a little humor, which is our only excuse for injecting in this otherwise serious report on the state of the world the following observations broadcast from Moscow in German the other day—as reported by the Washington Evening Star. To wit:

"War is the favorite occupation of dapper robbers such as the financial magnates of the ruling dynasty of capital. In this the United States monopolists are particularly successful. World War I gave them a clear profit amounting to the dizzy sum of \$38,000,000,000. This immeasurable wealth was created out of the blood of scores of millions of victims of that war. But still greater was the stream of gold which flowed into the United States banks during World War II. The United States monopolists made \$52,000,000,000 out of war, out of ruined and devastated Europe, out of despoiled China, out of the oceans of blood—for blood drips from each of these \$52,000,000,000."

Go East, Young Man

Owing to rising costs, the *Shanghai Evening Post* has had to raise the price per copy from 3,000 to 5,000 yuan; that is, to the equivalent of about 10 American cents. When the writer arrived in Shanghai in 1921 he was content to take a job which paid 200 "Mex" per month.

A member of the Wedemeyer Mission
(CONTINUED ON PAGE 128)

THE NATIONAL CITY BANK OF CLEVELAND *Statement of Condition*

SEPTEMBER 30, 1947

ASSETS

Cash and Due from Banks	\$110,855,588.51
United States Government Obligations	206,100,707.67
Other Securities	14,718,379.78
Loans and Discounts	112,817,780.88
Investment in Banking Premises	2,255,746.42
Customers' Liability on Acceptances and Letters of Credit	5,011,210.84
Accrued Interest	906,371.45
Other Assets	480,716.71
	<u>\$453,146,502.26</u>

LIABILITIES

Capital Stock (625,000 shares)	\$ 10,000,000.00
Surplus	10,000,000.00
Undivided Profits	3,523,370.12
Reserves	3,507,344.51
Dividend on Capital Stock Payable November 1, 1947	218,750.00
Acceptances and Letters of Credit	5,011,210.84
Accrued Interest and Expenses	992,243.03
Deferred Credits and Other Liabilities	1,061,041.07
Corporation, Individual and Bank Deposits	316,200,096.68
Savings Deposits	64,238,014.37
Trust and Public Deposits	32,005,011.97
U. S. Government War Loan Account	6,389,419.67
	<u>\$453,146,502.26</u>
Contingent Liability on Unused Loan Commitments	\$ 14,955,502.14

NOTE: United States Government obligations carried at \$40,640,203.33 are pledged to secure trust and public deposits, U. S. Government war loan account, and for other purposes as required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

"You capitalist monster!"



THE NATIONAL CITY BANK OF NEW YORK

1812 — 135th ANNIVERSARY — 1947

Head Office · 55 WALL STREET · New York



Condensed Statement of Condition as of September 30, 1947

Including Domestic and Foreign Branches But Not Including The Affiliated City Bank Farmers Trust Company

(In Dollars Only—Cents Omitted)

ASSETS

Cash and Due from Banks	\$1,208,876,854
United States Government Obligations (Direct or Fully Guaranteed)	2,183,146,029
Obligations of Other Federal Agencies	30,529,300
State and Municipal Securities	244,767,711
Other Securities	78,798,334
Loans, Discounts, and Bankers' Acceptances ..	1,144,278,147
Real Estate Loans and Securities	2,955,770
Customers' Liability for Acceptances	18,039,851
Stock in Federal Reserve Bank	6,900,000
Ownership of International Banking Corpora- tion	7,000,000
Bank Premises	28,714,293
Other Assets	3,409,828
Total	\$4,957,416,117

LIABILITIES

Deposits	\$4,622,164,738
(Includes United States War Loan Deposit \$27,896,868)	
Liability on Acceptances and Bills .. \$31,397,641	
Less: Own Acceptances in Port- folio	12,056,091
	19,341,550
Items in Transit with Branches	5,747,315
Reserves for:	
Unearned Discount and Other Unearned Income	5,231,674
Interest, Taxes, Other Accrued Expenses, etc.	34,345,337
Dividend	2,325,000
Capital	\$77,500,000
Surplus	152,500,000
Undivided Profits	38,260,503
	268,260,503
Total	\$4,957,416,117

Figures of Foreign Branches are as of September 25, 1947.

\$273,436,706 of United States Government Obligations and \$3,396,013 of other assets are deposited to secure \$206,640,344 of Public and Trust Deposits and for other purposes required or permitted by law.

(Member Federal Deposit Insurance Corporation)

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Co. Incorporated

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Williamsville, New York

ROBERT WINTHROP
Robert Winthrop & Co.

to China tells about an American news correspondent who, on his periodic visits to Japan, lives in great style. It seems that the correspondent privately syndicates some of his articles to Japanese newspapers, which can pay him only in inconvertible yen. His salary from his American connection is about average, but in Japan the correspondent has already accumulated a couple of million yen.

An American businessman just home from Shanghai by way of South Africa and South America tells me he thought nothing of giving his Chinese cook 1,500,000 or 2,000,000 yuan to go out shopping. Shanghai is out of this world.

But, another returned traveller observed, probably 80 percent of China's daily business is done by barter, outside the money economy.

Topside Chinese seem to have no trouble getting along. The people take it for granted that their officials will

get rich in office, and pronto. This has always been so, and is still the case. I hear of one American, an old China hand, who has made more than a million dollars (U. S.) managing the investments here of "the Young Marshal," Chang Hsueh-liang.

ITO

The November international conference in Havana is planned to put the final stamp of approval on a charter for an International Trade Organization, preparation for which has occupied American Government departments for several years and has involved two preparatory conferences, at London last year and at Geneva this Summer. The struggle of the Administration to build a postwar trade world on a multilateral, nondiscriminatory basis has been a treadmill task. Ever since the Atlantic Charter our Government has sought to obtain acceptance of a world trade policy which would give maximum play to individual free enterprise—in the Lend-Lease Agreements, the Bretton Woods program, the British loan, etc. But the house has been crumbling as fast as it has been built. Abroad, and even to some extent here, the world crisis is putting business more and more under government control; and people are saying that our attempts to set up an ITO are a case of nostalgic economics. Of more immediate importance than an ITO would seem to be the various trade agreements negotiated at Geneva. These embody important principles of the proposed charter.

"Are you in a hurry to get out this afternoon, Johnson?"



"Weavers of Speech"

To you, who each day
Take on anew your tasks
Along the lines that speech will go
Through city streets or far out
Upon some mountainside where you have blazed a trail
And kept it clear;
To you there comes from all who use the wires
A tribute for a job well done.

For these are not just still and idle strands
That stretch across a country vast and wide
But bearers
Of life's friendly words
And messages of high import
To people everywhere.

Not spectacular, your usual day,
Nor in the headlines
Except they be of fire, or storm, or flood.
Then a grateful nation
Knows the full measure of your skill and worth.
And the fine spirit of service
Which puts truth and purpose in this honored creed—
"The message must go through."



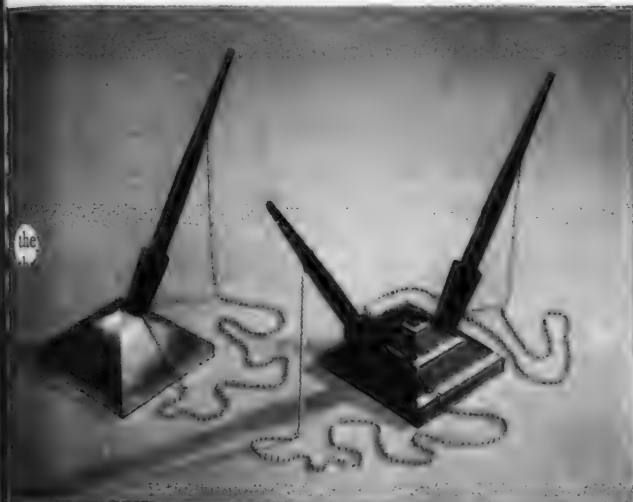
BELL TELEPHONE SYSTEM



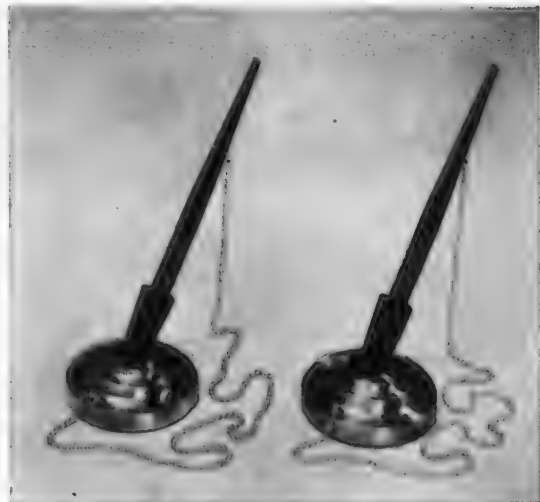
SF31 Bronze Desk Set (any color pen) \$5.00
SF21 Chrome Desk Set (any color pen) \$5.00



SF51 Walnut Desk Set (any color pen) \$5.00
SF52 Walnut Desk Set (any color pen) \$8.00



SF71C Spécial Chrome Counter Set (any color pen) \$7.00
(SF72C with 2 pens \$10.10; SF73C with 3 pens \$13.20)
SF42C Bronze Counter Set (any color pens) - \$8.70
(SF41C with 1 pen \$5.60; SF43C with 3 pens \$11.80)



SF21C Chrome Counter Set - \$5.35
(any color pen)
SF31C Bronze Counter Set - \$5.35
(any color pen)

KERR CHANGEPOINT FOUNTAIN PENS

The pens so widely used on bank counters. They have to be good to withstand the abuses of this service. Their construction is simple and practical. Anyone can take them apart by parts and put them together again. All parts are replaceable by the user, thus the pens never need to be sent in for repairs.

Kerr Pens are sold through stationery, office supply, and equipment dealers. Order from your dealer and let us serve you through him.

Wm. Kelly Kerr President
W. K. KERR-PEN COMPANY, Tulsa, Oklahoma

STAINLESS STEEL CHANGEPOINTS — Illustrations Halfsize



Nos. 2 to 8, 15c ea., \$1.50 doz., \$7.50 1/2-gr. Iridium Tipped Nos. 35c ea., \$3.50 doz., \$17.50 1/2-gr

A Changepoint for Every Writing Need.

Desk Pens (any color) \$2.50. Pocket Pens (any color) \$2.75. Counter Pens (any color) with chain \$2.85.
All pens complete with Plain Stainless Steel Points. Iridium Tipped Points 20c additional.

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JET

6R
RUBY

6A
AMETHYST

6E
EMERALD

5E
EMERALD

5J
JET

5A
AMETHYST

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RUBY

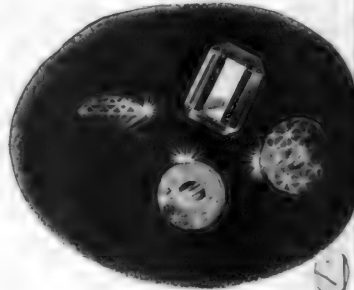
*Vintage
is Supply!*

*You Can
Change the
Point and —*



*Renew the
Fountain
yourself*

*Presenting
Kerr Changepoint
Fountain Pen
Gem Color*



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Shopping List

(CONTINUED FROM PAGE 39)

For various reasons the Congress may decide against committing itself and its successors to a full 4-year European reconstruction finance program. It may wish to see what progress the Europeans make with self-help during the first year. It may wish to observe the course of prices, which naturally determine the cost of the assistance in the later years of the program. It may, too, wish to watch the course of political affairs in Europe, for the only thing certain is change. Nothing stays indefinitely as it is.

There will be some doubts in the Congress on other points. Should the U. S., for example, assume the full burden of the Paris program, a considerable fraction of which depends upon the products of Canada and Latin America? Canada doubtless will be prepared to make a contribution, but Latin America, generally, has not heretofore exhibited an excess of charity in international affairs and apparently is prepared to cooperate in the Paris program only to the extent that the U. S. will supply the money needed. According to press reports, the Latin Americans at Flushing Meadows exhibited worry and bewilderment over the assumption in some quarters that they would be called upon to donate their share of the Paris list of requirements. At this writing there has been no public disclosure of any State Department efforts to ascertain what other countries are willing to contribute to the Marshall Plan.

Even though there is some talk of dividing the Marshall Plan aid into two categories, loans and gifts, it is hard to see how Europe can repay any of it, considering the unlikelihood of our ultimately recovering more than a fraction of what Europe already owes this country. Quite apart from Europe's capacity and willingness to repay the huge volume of postwar loans which some of the debtors in later years are sure to describe as the financial counterpart of Lend-Lease, there is our own obvious and obtuse unwillingness ever to countenance a so-called unfavorable balance of trade.

The Aldrich Plan

The Congress also must, in extending help to the "Paris countries," decide how that help is to be administered. The proposal of Winthrop W. Aldrich, Chase National Bank chairman, before the A.B.A. convention at Atlantic City that there be set up a United States Corporation for European Reconstruc-

tion has attracted considerable attention.

For determination of how much aid to extend, the Congress will rely heavily upon the findings of the three committees appointed by the President last Summer to study our capacity to help and the impact of a large European aid program on the U. S. economy. The views of the many members who have been visiting foreign parts also will be influential in moulding the national policy. Indications at this writing are that the Paris Report, Volume 1 of which was published by the State Department in September, will have to be

greatly supplemented and modified to take care of discrepancies and laxities in its estimates and assumptions. European colonial resources may have to be more fully explored, steel and coal planning better coordinated, the use of substitutes more carefully studied, and pencils generally sharpened, so as to remove the suspicion that the Paris program was merely improvised to fit certain State Department ideas as to what overall figure would impress the Congress.

Superficially, the Paris Report of September would seem to fit the specifications set down last June by the Lon-



STATEMENT OF CONDITION

At the close of business October 6, 1947

ASSETS

Cash on Hand and Due from Banks	\$ 88,903,551.67
United States Securities Owned	74,863,528.27
Other Stocks and Bonds	7,554,597.80
Loans and Discounts	125,908,055.02
Banking House and Equipment	2,397,876.17
Other Assets	1.00
	<u>\$299,627,609.93</u>

LIABILITIES

Capital Stock . . . \$	7,500,000.00
Surplus Fund . . .	7,500,000.00
Undivided Profits,	
Net	5,504,585.44
	\$ 20,504,585.44
Reserved for Taxes, Etc.	1,918,609.71

DEPOSITS:

U. S. Gov't . . . \$	6,108,279.64
Other Deposits	271,096,135.14
	<u>277,204,414.78</u>
	<u>\$299,627,609.93</u>

First National Bank
in Dallas

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

don *Economist*: a "scheme . . . sufficiently grandiose to fire American imagination and convince the taxpayer that his money is to be well spent." Now, however, the same journal observes:

American intervention in Europe may indeed attain its primary object: Europe may be preserved from starvation, economic collapse and political insanity. . . . But where shall we be then? Simply back where we were before. The element in Marshall's proposal that aroused so much hope earlier in the year was the suggestion that Europe's present extremity could be used as a lever to create something better, stronger and firmer than existed before. But these hopes are diminished. The Western European nations find it very difficult to rise above their na-

tional preoccupations. And the price America asks them to pay for the aid they are to receive is the adherence to a set of principles which, in a European context, are almost wholly negative. Western democracy on both sides of the Atlantic, in short, is still trying to fight communism with little but nostalgia to offer in its place. What Marshall with Clayton offers, if all goes well, is to get back to the mixture as before, and . . . it is difficult to see in it anything that will create economic, or (what is perhaps even more important) the social, political and moral elan needed to restore real productivity and real social stability or to withstand the perpetual hammering of communist opposition. . . .

Perhaps, in spite of this appraisal, the American taxpayer will consider the plan "sufficiently grandiose" and the money "well spent."

**CHECK
THESE
BANKING
BENEFITS . . .**

... in the Great Lakes Area

If you have business in the Great Lakes Area or contemplate expanding your interests into this region, Central National Bank of Cleveland can help you.

- ✓ We offer on-the-ground contacts in the varied commerce and industry of this great inland waterway of America.
- ✓ Our experience in more than half a century of close co-operation with all types of business is available to you.
- ✓ Complete and dependable banking services, including loan participations and prompt collections, are at your disposal.

We will welcome an opportunity to discuss the best methods of furthering your interests in this area. Let us hear from you.

CENTRAL NATIONAL BANK of Cleveland

CLEVELAND 1, OHIO

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Bank Takes Part in Town's Centennial

THE Hobart, Indiana, branch of the Gary National Bank, was the financial headquarters for Hobart's four-day 100th anniversary celebration last Summer. In addition to counting, packaging and safekeeping centennial funds, branch employees participated in the arrangements for the centennial, in the daily programs, as tellers and cashiers, in preparing exhibits, and in creating atmosphere by wearing costumes of that earlier day.

Don Robinson, branch manager, headed up the underwriting committee, and he and his assistant, Robert Mundell, took part in several other phases of the centennial program.

To stimulate interest in advance of the centennial, the committee on arrangements asked all of the men in Hobart to grow beards for the occasion and the women to wear dresses fashioned after those worn 50 or 100 years ago. Both Robinson and Mundell caught the spirit and started their beards two months before the celebration. The girls in the Gary National's Hobart branch began wearing hoop skirts and bustles a month before the affair, placing the bank in the community spotlight. Every day for over a month the bank entertained customers with recordings of old-fashioned melodies, such as "Turkey in the Straw."

The public relations value of the bank's participation in the centennial far exceeded the time and effort put into it by branch personnel. Increased business at this office reflects the appreciation of the community for our assistance.

H. S. JACKSON
Assistant Vice-president
Gary (Indiana) National Bank

Manager Robinson and his secretary in "costume" during the centennial



BANKING

NATIONAL BANK OF DETROIT

DETROIT, MICHIGAN

Complete Banking and Trust Service

STATEMENT OF CONDITION, OCTOBER 6, 1947

RESOURCES

Cash on Hand and Due from Other Banks		\$ 259,825,529.58
United States Government Securities		611,311,424.03
Stock of the Federal Reserve Bank		1,500,000.00
Other Securities		52,254,939.54
Loans:		
Loans and Discounts	\$ 171,136,977.92	
Real Estate Mortgages	48,233,491.20	219,370,469.12
Branch Buildings and Leasehold Improvements		1,426,506.68
Accrued Income Receivable		3,358,394.08
Customers' Liability on Acceptances and Letters of Credit		1,804,794.07
		<u>\$1,150,852,057.10</u>

LIABILITIES

Deposits:		
Commercial, Bank and Savings	\$1,020,948,382.59	
United States Government	20,738,819.64	
Other Public Deposits	44,685,976.40	\$1,086,373,178.63
Accrued Expenses and Taxes Payable		1,702,886.80
Income Collected—Unearned		1,037,760.09
Acceptances and Letters of Credit		1,804,794.07
Reserves		5,094,367.39
Capital Funds:		
Common Stock	\$ 15,000,000.00	
Surplus	35,000,000.00	
Undivided Profits	4,839,070.12	54,839,070.12
		<u>\$1,150,852,057.10</u>

United States Government Securities carried at \$88,551,386.10 in the foregoing statement are pledged to secure public deposits, including deposits of \$8,468,174.60 of the Treasurer-State of Michigan, and for other purposes required by law.

DIRECTORS

HENRY E. BODMAN
ROBERT J. BOWMAN
PRENTISS M. BROWN
CHARLES T. FISHER
CHARLES T. FISHER, JR.
JOHN B. FORD, JR.

JAMES S. HOLDEN
JAMES INGLIS
WILLIAM S. KNUDSEN
ALVAN MACAULEY
WALTER S. McLUCAS

W. DEAN ROBINSON
NATE S. SHAPERO
R. PERRY SHORTS
GEORGE A. STAPLES
R. R. WILLIAMS
C. E. WILSON

TRUST DEPARTMENT

This bank acts as Trustee, Executor and Corporate Agent

Member Federal Deposit Insurance Corporation

Some Things Every Employee Wants

HELEN R. FEIL, assistant secretary of The Dime Savings Bank of Brooklyn, New York, spoke at the convention of the Association of Bank Women in Atlantic City on the subject, "Personnel—Assets or Liabilities." Some excerpts from MRS. FEIL's talk follow:

THERE are certain things every employee wants and our first step is to determine what those wants are and then, within the limits of the requirements of efficiency and sound business,

satisfy them. Here is a line-up of employee wants as I see them:—

(1) *Credit for work done.* Psychologists tell us that one of the strongest desires of human nature is to be appreciated. Take time to give commendation when it is deserved. This does not mean you should go around among your workers handing out flattery. Nothing is worse than insincerity and it is soon detected! But praise where it is earned is appreciated and certainly helps morale.

(2) *Interesting work to do.* "Square pegs in round holes" is an old and well worn phrase, and the inefficiencies resulting from employees being in the wrong job are one of the trials of management. It is one of the chief causes for unhappiness of the employee, too. The increased efficiency and improvement in morale are well worth the extra effort required on your part to determine the employee's best skills and putting them to work for you.

(3) *Fair and adequate compensation.* Today a more scientific approach is being made in determining fair and adequate rates of compensation, and the tools used are *job analysis* and *job evaluation*.

A whole session could be devoted to a discussion of these tools. Briefly, the objective of a job analysis is to make known to management the requirements of each job, the skills or qualities to seek in workers for the proper performance of the job, and finally the relative merit of various workers on the job. Job evaluation's objective is to place a value in dollars on the various job classifications that result from the analysis.

Salary recommendations should come initially from those closest to the worker for they are in the best position to know the merits of that worker. In this modern day and age job analysis and job evaluation are an essential part of personnel management and as personnel administrators you should know about them. They should not be used as a substitute for good judgment but rather as a supplement.

(4) *Opportunities for advancement.* Certain men and women, it is true, are not ambitious and have no desire to get ahead. This is not characteristic of all men and women. It is especially not characteristic of bank employees. In this instinctive desire to get ahead lies a great potential for progress that, if properly recognized and harnessed, can add immeasurably to the success of an organization and prove a valuable asset.

When there is no recognition of merit, the converse is true. Lack of opportunity results in a lessening of interest and the consequent weakening of the effectiveness of the worker, and makes him a liability. The absence of a policy of promotion of employees within an organization is responsible for a number of men and women of high potentialities sinking into a passive

(CONTINUED ON PAGE 136)

STATEMENT OF CONDITION

At the Close of Business October 6, 1947

RESOURCES

Loans and Discounts	\$39,053,764.46
U. S. Government Securities	80,447,882.09
State, County and Municipal Securities	10,532,400.56
Other Investment Securities	670,172.65
Stock in Federal Reserve Bank	300,000.00
Overdrafts	4,722.91
Customers' Drive-in Facility, Bank Vault, Furniture and Fixtures	358,065.57
Other Real Estate	4.26
Customers' Liability Account — Letters of Credit Issued	216,207.62
Cash and Due from Banks	56,592,032.14
	\$188,175,252.26

LIABILITIES

Capital Stock — Common	\$5,000,000.00
Surplus	5,000,000.00
Undivided Profits	5,444,649.12
	\$ 15,444,649.12
Reserve for Taxes, Employees' Pension Account and Other Expenses	897,044.68
Liability Account — Letters of Credit Guaranteed	216,207.62
Deposits	171,617,350.84
	\$188,175,252.26

Member Federal Deposit Insurance Corporation

OF OKLAHOMA CITY



THE DETROIT BANK

COMMERCIAL and SAVINGS BANKING

MAIN OFFICE, GRISWOLD at STATE

DETROIT, MICHIGAN

31 Branch Offices Throughout the City

Condensed Statement of Condition, October 6, 1947

RESOURCES

Cash and Due from Banks	\$ 90,143,318.13
United States Government Obligations	324,034,201.44
(Due or callable within 1 year \$84,236,631.63)	
(Due or callable 1 to 5 years \$153,384,445.13)	
State and Municipal Securities	3,425,994.64
(Due within 5 years \$1,793,527.47)	
Corporate and Other Securities (Including Detroit Savings Safe	12,348,139.45
Deposit Company Stock \$100,000.00)	
(Due within 5 years \$8,769,911.94)	
Loans and Discounts	54,349,303.38
Real Estate Mortgages and Loans	40,863,456.50
Federal Reserve Bank Stock	356,100.00
Bank Properties and Equipment	2,472,261.21
(Main Office and Thirty-One Branch Offices)	
Accrued Interest and Prepaid Expense	1,997,959.70
Customers Liability on Acceptances and Credits	154,751.82
Other Assets	90,554.98
Total	\$530,236,041.25

LIABILITIES

Commercial Deposits:	
Individuals, Corporations and Others	\$215,082,711.87
U. S. Government	7,101,242.47
Other Public Funds	15,674,837.65
Savings Deposits	237,858,791.99
Total Deposits	272,102,174.85
Unearned Interest	509,960,966.84
Accrued Dividends, Expenses and Other	542,796.28
Liabilities	1,580,292.91
Acceptances and Letters of Credit	154,751.82
Preferred Stock (168,500 Shares)	3,370,000.00
Common Stock (175,000 Shares)	3,500,000.00
Surplus	5,000,000.00
Preferred Stock Retirement Provision	2,045,138.00
Undivided Profits	1,507,189.07
Reserve for Contingencies	2,574,906.33
Total	17,997,233.40
	\$530,236,041.25

United States Government Securities in the foregoing statement with a par value of \$13,450,000.00 pledged to secure public and other deposits where required by law, including deposits of the State of Michigan amounting to \$4,660,683.83.



Member of Federal Deposit Insurance Corporation



**You Listened
Once...
*but***

You'd Laugh TODAY

Remember those scratchy old records you played on the big-horned "family pride"? They're gone...given way to clear-toned recordings and the modern radio. You will find similar development in today's Calculator...the fully automatic Friden. REPLACE with FRIDEN...and eliminate errors. Save time and money by using exclusive Friden Methods, developed to produce only *accurate useful answers... speedily*. Ask for a demonstration on all types of your figure work problems.

Frident Mechanical and Instructional Service is available in approximately 250 Company Controlled Sales Agencies throughout the United States and Canada.

FRIDEN CALCULATING MACHINE CO., INC.
HOME OFFICE AND PLANT • SAN LEANDRO, CALIF., U. S. A. • SALES AND SERVICE THROUGHOUT THE WORLD

(CONTINUED FROM PAGE 134)

state, accepting their present work as their proper sphere and making no effort to improve their lot.

There are three things, at least, that you can do to help satisfy this want of the employees to get ahead.

First—*Be sure they are well trained in their present job.*

Second—*Encourage attendance at the American Institute of Banking.*

Third—*Rate employees intelligently.* Merit rating is a measurement of performance of an individual employee on the basis of which his future may depend. It therefore should be given the time and thoughtful consideration it deserves. Too frequently department heads rate employees mechanically.

(5) *Fair hearing and adjustment of complaints* is fifth in this line-up of employee wants although there are few more important parts in a program of personnel administration than finding out and settling complaints before they become major grievances. Many of them do not get to management's attention and therefore management must rely on you to assume this responsibility. Your attitude toward your employees' complaints is important. You must be really interested in the problem and desire to settle it to the employee's complete satisfaction. Don't be hasty in your judgment or in making decisions and, most important, be sure to get all the facts.

No employee should be subject to the whims and emotions of those in authority over him, and written personnel policies are an essential tool in insuring consistency and fairness in the treatment of all employees.

(6) *Counsel on personal problems.* Pressing personal problems often affect the efficiency of an employee and lower his morale, seriously enough sometimes to make him irritable and difficult to get along with. It may lead to his dismissal finally.

Demands of their jobs do not make it possible for department heads to sit down and discuss a personal problem with a worker as often as they would like. They should know their workers well enough to sense when something is troubling them and make it known to the personnel officer who should then try to determine the cause and rectify it if possible. In other words, he should be a friend when a fellow needs one!

Let me give you an example of what a little patience and understanding did

(CONTINUED ON PAGE 138)



The years melt away (as the years always do)

As your years dwindle down—as everybody's must—you'll need more than affection and companionship.

You'll need a place to live and food to eat. Which means you—not the family next door, but *you*—will need money.

There's only one way for most of us to get money—that's to save it. And for most of us, too, the best way to save money is through U. S. Savings Bonds.

Because U. S. Savings Bonds are the most widely and easily available investment to every citizen. Every bank sells them. Every post office sells them.

AND—most important—you can buy them *regularly and automatically* . . . which helps overcome human inertia and reluctance to save.

To do so, you just sign up for the Payroll Savings Plan

where you work, or for the Bond-A-Month Plan at the bank where you have a checking account. Then they really pile up.

Of course, there are other reasons for buying U. S. Savings Bonds.

They're SAFE. Backed by the credit of the United States, that's all.

They're PROFITABLE. You get 4 dollars out for 3 put in, after 10 years.

They're LIQUID. Like water. You can get your cash out of them at any time . . . in a few minutes . . . without penalty.

Remember those words "melt away." They say better than a volume of statistics that you have less time than you think, to save.

Save the easy, automatic way—with U.S. Savings Bonds

Contributed by this magazine in co-operation with the Magazine Publishers of America as a public service.



for an employee in my bank recently. One of the most conscientious and amiable employees surprised the officer in charge by resigning, very forcefully, when advised of a change in his hours. He gave no reason but was quite emphatic that he wanted his pay that day. This happened during a particularly busy and trying period and the officer might easily have lost his temper and let the employee go. Instead, he came to the personnel department and asked me to find out what the trouble was and, if possible, keep the man on the job.

For several years this man had been getting instructions weekly from a doctor on how to treat his paralytic child who was undergoing a course of exercises that required care and skill on the part of the one giving the treatment. The change in this man's hours would have necessitated an interruption in this routine.

Needless to say we arranged the hours so that this employee remained with the bank, and is doing a better job than ever. He still seems a little surprised that a bank would revise a schedule of work to enable him to take care of a personal matter.

The next three employee wants I would put on my list are last in the line-up but not necessarily in importance. I place them there because they are primarily the function of management and I shall, therefore, not take the time to do more than mention them.

(7) *Employee benefits*—which include luncheons, pensions, group insurance and, more recently, medical and hospitalization plans.

(8) *Good physical working conditions*—attractive, well lighted and well ventilated work space—are important.

(9) *Job security*—last on the list, but not necessarily in importance, in the attainment of high morale.

The more management and the employees know about each other the more chance there is for understanding and harmony through rationalization. So important has the subject of employee relations become that many colleges are now giving courses in labor relations. Indeed, so important was the subject considered by Group V of the Savings Banks Association of the State of New York they engaged a firm of industrial relations consultants early this year for the purpose of having their personnel practices reviewed and, where no personnel system existed, having one set up. In addition to examining the systems in 27 banks, this firm gave a series of lectures to the officers in charge of personnel following dinner. Techniques in personnel administration were discussed and mutual problems aired once a week for 13 weeks. The effort was not so much directed to the acquisition of new skills as it was to the stimulation of thinking about current problems and the application of sound action in logical sequence. So successful were these meetings that those who participated are hopeful Group V will continue them in the Fall.

We don't believe Joe Stalin ever suffered from eye-strain from looking at both sides of a question.

Nothing is scarcer than an international problem that doesn't have to be financed with American money.

With the emphasis on methods of adult education we still maintain there is nothing better than children.

A self-made man is generally a combination of dollars and sense.

What the average man wants to know is not the f.o.b. price of a car but how much a month.

THE FORT WORTH NATIONAL BANK

FORT WORTH, TEXAS

★
STATEMENT OF CONDITION AT CLOSE OF BUSINESS
OCTOBER 6, 1947

★ RESOURCES

CASH AND DUE FROM BANKS	\$ 51,738,040.56	
UNITED STATES GOVERNMENT SECURITIES	44,805,145.23	
OBLIGATIONS OF STATES AND POLITICAL SUBDIVISIONS	6,178,211.62	
OTHER BONDS, NOTES AND DEBENTURES	1,811,431.40	
STOCK FEDERAL RESERVE BANK	210,000.00	
LOANS AND DISCOUNTS	53,075,691.55	
INCOME EARNED—UNCOLLECTED	306,289.16	
BANKING HOUSE	\$ 1,217,550.00	
FURNITURE AND FIXTURES	1.00	1,217,551.00
IMPROVEMENT ACCOUNT		248,165.78
OTHER REAL ESTATE		1.00
OTHER RESOURCES		130,828.45
TOTAL		<u>\$159,721,355.75</u>

★ LIABILITIES

DEPOSITS:		
INDIVIDUAL	\$109,204,056.73	
BANK	33,314,847.69	
U. S. GOVERNMENT	2,310,270.33	
OTHER PUBLIC FUNDS	5,027,093.12	\$149,856,267.87
INCOME COLLECTED—UNEARNED		174,725.23
RESERVE—TAXES, INTEREST, AND EXPENSE		451,562.37
RESERVE—AMORTIZATION OF BOND PREMIUMS		621,803.68
OTHER LIABILITIES		21.83
CAPITAL ACCOUNT:		
COMMON STOCK	\$ 3,500,000.00	
SURPLUS	3,500,000.00	
UNDIVIDED PROFITS	866,974.77	
GENERAL RESERVE	750,000.00	8,616,974.77
TOTAL		<u>\$159,721,355.75</u>

U. S. Government and other securities carried at \$18,084,015.74 in the above statement are deposited to secure public funds and for other purposes required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Statement of Condition, October 6, 1947

RESOURCES

Cash and Due from Banks.....	\$ 550,112,684.98
United States Government Obligations.....	1,330,833,601.32
Other Bonds and Securities.....	57,272,339.04
Loans and Discounts.....	458,929,977.53
Stock in Federal Reserve Bank.....	3,600,000.00
Customers' Liability on Acceptances.....	540,725.74
Income Accrued but Not Collected.....	6,147,230.72
Banking House.....	10,275,000.00
	<u>\$2,417,711,559.33</u>

LIABILITIES

Deposits.....	\$2,228,000,089.51
Acceptances.....	540,725.74
Reserve for Taxes, Interest, and Expenses.....	11,672,901.84
Reserve for Contingencies.....	18,107,784.59
Income Collected but Not Earned.....	401,544.04
Capital Stock.....	60,000,000.00
Surplus.....	60,000,000.00
Undivided Profits.....	38,988,513.61
	<u>\$2,417,711,559.33</u>

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New Books

Banking as a Career

YOUR CAREER IN BANKING. By Dorcas Campbell. E. P. Dutton, New York. 212 pp. \$3.

THIS readable addition to the publisher's series of "career books" says it is possible for the young person to reach the top in banking, points out ways to success, and then offers profiles of 13 prominent American bankers as a means of interpreting the world of finance to the man or woman who is considering banking as a life work.

The subjects of these interesting sketches are Robert M. Hanes, A. P. Giannini, C. W. Bailey, Robert M. Strickland, Arthur J. Morris, Samuel N. Pickard, Robert V. Fleming, A. L. M. Wiggins, Allan Sproul, Tom K. Smith, Edward E. Brown, the late Philip A. Benson, and Charles E. Spencer, Jr. "Their profiles", says Miss Campbell, "point the way to success, but each man portrayed follows a route unlike the others in the beginning and as often dissimilar along the route of progress to his destination." From these many patterns, she suggests, the reader may hasten his or her arrival at the goal.

The profiles also show that "men who progress in banks had something more to contribute than the techniques of shorthand, the ability to do double-entry bookkeeping. Too often we believe our achievements will come without serious application of our time and talents."

The sketches are preceded by several short chapters of general suggestions in which the author advises her reader, among other things, to study himself first and the banker's life second before deciding on banking as a career.

Miss Campbell is assistant secretary of the East River Savings Bank, New York City.

New Problems in Banking

MEETING THE CHALLENGE OF CHANGING BANKING CONDITIONS. By Nelson M. McKernan. Bankers Publishing Company, Cambridge, Massachusetts. 240 pp. \$4.50.

THIS volume by an assistant vice-president of the Manufacturers Trust Company, New York, developed from work done by the author in connection

(CONTINUED ON PAGE 143)

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ASSETS

Cash and Due from Banks.....	\$165,541,856.38
United States Government Obligations.....	255,896,752.02
Other Bonds and Securities.....	24,482,338.67
Loans and Discounts.....	239,724,749.08
Real Estate Bonds and Mortgages.....	68,286.94
Customers' Liability for Acceptances.....	1,863,947.71
Interest Receivable and Other Assets.....	2,483,371.41
	<u>\$690,061,302.21</u>

LIABILITIES

Capital.....	\$15,000,000.00
Surplus.....	35,000,000.00
Undivided Profits.....	13,992,874.53
General Reserve.....	3,823,209.18
Dividend Payable October 1, 1947.....	600,000.00
Acceptances.....	1,881,837.03
Reserve for Taxes and Other Liabilities.....	4,277,696.73
Deposits.....	615,485,684.74
	<u>\$690,061,302.21</u>

United States Government obligations carried at \$16,774,101.56 in the above statement are pledged to secure United States Government deposits of \$6,594,327.87 and other public and trust deposits and for other purposes required by law.

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Discussing the changes that have taken place in banking during the past decade or more, Mr. McKernan outlines the problem raised by these changes and suggests how banks can solve it. He stresses the importance of aggressive management, especially in such matters as operating efficiency, loan and investment supervision, development of new sources of income, and the merchandising of bank services.

In Part II, "Adjustments to Changed Conditions," the author takes up expense reduction, loan administration, research and education, cost and job analysis, mechanization of operations, service charges, consumer credit and

business development, among other subjects.

Human Engineering

PERSONNEL MANUAL FOR EXECUTIVES. By *Ross Young*. McGraw-Hill, New York. 202 pp. \$2.50.

THIS practical, helpful book is essentially a short course in human engineering. Written for anyone who has charge of people, whether as top executive or as supervisor of a small department, it is a condensation of much experience and research in industrial supervision, "the newest profession."

Mr. Young starts with the premise that if workers are to be secure, the businesses employing them must be profitable and therefore must have

competent management. To the proper exercise of the managerial function, supervision is essential; and the supervisor who can't show consistent profits in his department must make room for someone who can. The purpose of the book is to help make better supervisors, whether the responsibility is over one person or a thousand.

A knowledge of human nature is obviously a basic tool of those who are in charge of others, and Mr. Young points out many of the personal relationship questions for which psychology has the answer. He also stresses the value of physical and mental health, offers pointers on principles of management and on improvement of methods, and discusses motivation and instruction of employees. Throughout, the importance of good on-the-job human relations is emphasized. Few companies, the author observes, have the expertness in human engineering that they get from their industrial and research specialists.

Developing the human potential, he says, "is not the sideshow but the main tent." He finds that a new profession of leadership is developing.

Blue Book

THE Fall edition of the 1947 Rand McNally Bankers Directory, presenting a consolidated capitulation statement for the country's banks as of June 30, reports loans and discounts increased \$2,798,860,000 during the first six months of the year to \$38,948,957,000.

Bank holdings of U. S. Government securities were down \$3,933,555,000, while other securities rose \$556,519,000.

Total deposits were off \$2,464,504,000 to \$155,340,250,000. Capital was up \$36,633,000, surplus gained \$186,789,000 and undivided profits and surplus increased \$116,768,000.

Total resources were \$168,359,335,000, a decline of \$2,131,575,000.

MONETARY RECONSTRUCTION IN BELGIUM. By *Leon H. Dupriez*. King's Crown Press, New York. 85 pp. \$2.25. The professor of economics at the University of Louvain writes the first of a series of studies that will recount the postwar history of war-damaged countries.

THE KEYNESIAN REVOLUTION. By *Lawrence R. Klein*. Macmillan, New York. 213 pp. \$3.50. An analysis of the "revolution" in economic thought represented by the theories of the eminent British economist.

Statement of Ownership

STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACTS OF CONGRESS OF AUGUST 24, 1912, AS AMENDED BY THE ACTS OF MARCH 3, 1933 AND JULY 2, 1946, OF BANKING, published monthly at New York, N. Y., for October 1, 1947.

State of New York, county of New York, ss. Before me, a Notary in and for the State and county aforesaid, personally appeared William R. Kuhns, who, having been duly sworn according to law, deposes and says that he is the Editor of BANKING, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, as amended by the Act of March 3, 1933, and July 2, 1946, embodied in section 537, Postal Laws and Regulations, to wit:

¶1. That the names and addresses of the publisher, editor, managing editor, and business manager are: Publisher, The American Bankers Association, 12 East 36th St., New York 16, N. Y.; Editor, William R. Kuhns, 12 East 36th St., New York 16, N. Y.; Managing Editor, None; Business Manager, John J. Rooney, 12 East 36th St., New York 16, N. Y.

¶2. That the owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding one per cent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a firm, company, or other unincorporated concern, its name and address, as well as those of each individual member, must be given.) The American Bankers Association, 12 East 36th St., New York 16, N. Y. (A voluntary unincorporated association of banks); Joseph M. Dodge, President, The Detroit Bank, Detroit 31, Mich., President; Harold Stonier, 12 East 36th St., New York 16, N. Y., Executive Manager.

¶3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

¶4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

WILLIAM R. KUHNS, *Editor*

¶Sworn to and subscribed before me this 25th day of September 1947.

¶Elizabeth Rautanen, Notary Public, Bronx County, Bronx Co. Clk.'s No. 151, Reg. No. 136R8, New York Co. Clk.'s No. 718, Reg. No. 333R8. Certificate filed in Westchester County.

¶(My commission expires March 30, 1948.)

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BANKING'S Advertisers v November 1947

ALLEN WALES ADDING MACHINE CORPORATION..... Cover IV <i>The Caples Company</i>	DIEBOLD, INC..... 15 <i>McCann-Erickson, Inc.</i>	NATIONAL BANK OF COMMERCE, SEATTLE... 23 <i>J. Wm. Sheets National Advertising</i>
ALLIS-CHALMERS MANUFACTURING COMPANY..... Cover III <i>Bert S. Gittins, Advertising</i>	DOUGLAS-GUARDIAN WAREHOUSE CORPORATION..... Cover II <i>The Merrill Anderson Company</i>	NATIONAL BANK OF DETROIT... 133 <i>J. L. S. Scrymgeour</i>
ALLISON COUPON COMPANY, INC..... 103	DOWNNEY COMPANY, C. L..... 140 <i>Whitehead & Sprague, Inc.</i>	NATIONAL CASH REGISTER COMPANY... 141 <i>McCann-Erickson, Inc.</i>
AMERICAN APPRAISAL COMPANY..... 140 <i>Klau-Van Pietersom-Dunlap Associates, Inc.</i>	ECUSTA PAPER CORPORATION..... 125 <i>Fred Rudge, Inc.</i>	NATIONAL CITY BANK OF CLEVELAND... 126 <i>McCann-Erickson, Inc.</i>
AMERICAN CREDIT INDEMNITY COMPANY... 82 <i>Van Sant, Dugdale & Company, Inc.</i>	EXLINE, INC., WILLIAM..... 140 <i>Meermans, Inc.</i>	NATIONAL CITY BANK OF NEW YORK... 105 <i>The Albert Woodley Company</i>
AMERICAN EXPRESS COMPANY..... 123 <i>J. M. Mathes, Inc.</i>	FAS-CASH SYSTEM, INC..... 116 <i>Ross Roy, Inc.</i>	NATIONAL CITY BANK OF NEW YORK... 127 <i>J. Walter Thompson Company</i>
AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO..... 98 <i>Albert Frank-Guenther Law, Inc.</i>	FIREMAN'S FUND INSURANCE COMPANY... 94 <i>Gerth-Pacific Advertising Agency</i>	NATIONAL SHAWMUT BANK OF BOSTON... 102 <i>Doremus & Company</i>
AMERICAN NATIONAL BANK AT INDIANAPOLIS..... 102 <i>The Merrill Anderson Company</i>	FIRST NATIONAL BANK OF CHICAGO... 95 <i>Foot, Cone & Belding</i>	NEW YORK HANSEATIC CORPORATION... 18 <i>Albert Frank-Guenther Law, Inc.</i>
AMERICAN SURETY COMPANY..... 74 <i>Albert Frank-Guenther Law, Inc.</i>	FIRST NATIONAL BANK IN DALLAS... 131 <i>Rogers & Smith Advertising Agents</i>	NEW YORK TERMINAL WAREHOUSE COMPANY... 65 <i>Bruce Angus Advertising Agency</i>
AMERICAN TELEPHONE & TELEGRAPH COMPANY..... 128 <i>N. W. Ayer & Son, Inc.</i>	FIRST NATIONAL BANK & TRUST COMPANY OF OKLAHOMA CITY... 134 <i>Erwin, Wasey & Company</i>	NEW YORK TRUST COMPANY... 142 <i>Charles W. Hoyt Company, Inc.</i>
AMERICAN WRITING PAPER CORPORATION... 120 <i>du Pont & Cahalin, Inc.</i>	FIRST NATIONAL BANK IN ST. LOUIS... 124	OTIS ELEVATOR COMPANY... 69 <i>G. M. Basford Company</i>
ANGLO CALIFORNIA NATIONAL BANK OF SAN FRANCISCO..... 110 <i>Foot, Cone & Belding</i>	FORT WORTH NATIONAL BANK..... 138	PENNSYLVANIA RAILROAD..... 85 <i>Al Paul Leston Company, Inc.</i>
BANCO COMERCIAL ANTIOQUEÑO..... 100 <i>Albert Frank-Guenther Law, Inc.</i>	FOX RIVER PAPER CORPORATION..... 11 <i>Scott-Telander, Advertising Agency</i>	PHILADELPHIA NATIONAL BANK..... 7 <i>Albert Frank-Guenther Law, Inc.</i>
BANK BUILDING & EQUIPMENT CORPORATION OF AMERICA..... 8, 9 <i>Krupnick & Associates, Inc.</i>	FRIDEN CALCULATING MACHINE CO., INC... 136 <i>George I. Lynn, Advertising</i>	PHOENIX INSURANCE COMPANY..... 118
BANK OF AMERICA, N. T. & S. A..... 75 <i>Charles R. Stuart, Inc.</i>	FULTON NATIONAL BANK OF ATLANTA... 103 <i>Charles A. Raieson and Associates</i>	POLK & CO., R. L..... 71 <i>Ed Cooke Advertising</i>
BANK OF MONTREAL..... 4 <i>Doremus & Company</i>	GENERAL ELECTRIC COMPANY (AIR CONDITIONING DEPT.)..... 19 <i>Newell-Emmett Company</i>	PUBLIC NATIONAL BANK & TRUST CO. OF NEW YORK... 18 <i>Rose-Martin, Inc.</i>
BANKERS DEVELOPMENT CORPORATION... 6	GUARANTY TRUST COMPANY OF NEW YORK... 108 <i>Albert Frank-Guenther Law, Inc.</i>	RAND McNALLY & COMPANY..... 121 <i>Needham, Louis and Brorby, Inc.</i>
BANKERS TRUST COMPANY..... 21 <i>Cowan & Dangler, Inc.</i>	HALSET STUART & CO., INC..... 22 <i>Doremus & Company</i>	RECORDAK CORPORATION (SUBSIDIARY OF EASTMAN KODAK COMPANY)..... 66, 67 <i>J. Walter Thompson Company</i>
BANQUE DE BRUXELLES..... 3	HAMMERMILL PAPER COMPANY..... 73 <i>Batten, Barton, Dursline & Osborn, Inc.</i>	REMINGTON RAND, INC. (PHOTOGRAPHIC RECORDS DIVISION)..... 113 <i>Leeferd Advertising Agency, Inc.</i>
BELLEVIEW-BILTMORE HOTEL..... 116 <i>Powell Advertising, Inc.</i>	HERCULES CERTIFIER COMPANY..... 140	REPUBLIC NATIONAL BANK..... 104 <i>Tracy-Locke Company, Inc.</i>
BETHROUGHS ADDING MACHINE COMPANY..... 106, 107 <i>Campbell-Ewald Company</i>	HERRING-HALL-MARVIN SAFE CO..... 144 <i>Wiesen-Hart</i>	RIGGS NATIONAL BANK OF WASHINGTON, D. C..... 99 <i>Levis Edwin Ryan</i>
CANADIAN BANK OF COMMERCE..... 100 <i>Socil Advertising Company</i>	HOLLYWOOD STATE BANK..... 86 <i>Mays & Bennett</i>	ROCKMONT ENVELOPE COMPANY..... 79 <i>Gray and Company</i>
CASE COMPANY, J. I..... 87 <i>Western Advertising Agency</i>	HOME INSURANCE COMPANY..... 10 <i>Albert Frank-Guenther Law, Inc.</i>	RONALD PRESS..... 71 <i>Jasper, Lynch and Fishel, Inc.</i>
CENTRAL NATIONAL BANK OF CLEVELAND... 132 <i>Fuller & Smith & Ross, Inc.</i>	INSURANCE COMPANY OF NORTH AMERICA COMPANIES..... 97 <i>Alley & Richards Co.</i>	ROYAL BANK OF CANADA..... 12 <i>Albert Frank-Guenther Law, Inc.</i>
CHASE NATIONAL BANK OF THE CITY OF NEW YORK..... 101 <i>Doremus & Company</i>	INTERNATIONAL BRONZE TABLET CO., INC. 140 <i>Will Burgess and Company</i>	ROYAL TYPEWRITER CO., INC..... 115 <i>Young & Rubicam, Inc.</i>
CHECKMASTER SYSTEMS, INC..... 122 <i>Kayton-Spiro Company, Inc.</i>	INTERNATIONAL BUSINESS MACHINES CORPORATION..... 109 <i>Cecil & Presbrey, Inc.</i>	SCHOOL THRIFT, INCORPORATED..... 122
CHICAGO, MILWAUKEE, ST. PAUL & PACIFIC R. R. CO..... 78 <i>Roche, Williams & Cleary, Inc.</i>	KERR PEN CO., W. K..... 129, 130 <i>Gibbons Advertising Agency, Inc.</i>	SCUDDER, STEVENS & CLARK FUND, INC... 71 <i>Doremus & Company</i>
CHRISTMAS CLUB, A CORPORATION..... 119 <i>Brooke, Smith, French & Dorrance, Inc.</i>	LA MONTE & SON, GEORGE..... 2 <i>Samuel Croot Co., Inc.</i>	SECURITY-FIRST NATIONAL BANK OF LOS ANGELES..... 17 <i>Dana Jones Company</i>
CITY NATIONAL BANK AND TRUST COMPANY OF CHICAGO..... 118 <i>George H. Hartman Company</i>	LAWRENCE WAREHOUSE COMPANY..... 14 <i>J. Walter Thompson Company</i>	SMITH, BARNEY & COMPANY..... 74 <i>Newell-Emmett Company</i>
CONTINENTAL ILLINOIS NATIONAL BANK & TRUST COMPANY OF CHICAGO..... 139 <i>Dancer-Fitzgerald-Sample, Inc.</i>	MANUFACTURERS TRUST COMPANY..... 93 <i>McCann-Erickson, Inc.</i>	SMITH & CORONA TYPEWRITERS, INC., L. C. 13 <i>Newell-Emmett Company</i>
CREDIT LIFE INSURANCE COMPANY..... 3 <i>Hutler Advertising Agency</i>	MARINE TRUST COMPANY OF BUFFALO... 6 <i>Batten, Barton, Dursline & Osborn, Inc.</i>	TODD COMPANY, INC..... 77 <i>The Merrill Anderson Company</i>
CUMMINS BUSINESS MACHINES CORPORATION..... 117 <i>Raymond Heer Advertising</i>	MARSH & McLENNAN, INC..... 22 <i>Doremus & Company</i>	UNION PACIFIC RAILROAD..... 5 <i>The Caples Company</i>
DE LUXE CHECK PRINTERS, INC..... 12 <i>Presba, Fellers & Presba, Inc.</i>	MARTIN COMPANY, GLENN L..... 81 <i>Van Sant, Dugdale & Company</i>	UNITED STATES FIDELITY & GUARANTY COMPANY..... 111 <i>Van Sant, Dugdale & Company, Inc.</i>
DETROIT BANK, THE..... 135 <i>Grant Advertising, Inc.</i>	MERCANTILE-COMMERCE BANK AND TRUST COMPANY..... 84 <i>Oakleigh R. French and Associates</i>	UNITED STATES TREASURY DEPARTMENT... 137
DIVINE & CO., INC., C. J..... 4 <i>Doremus & Company</i>		WHITMAN PUBLISHING COMPANY..... 140 <i>Western Advertising Agency</i>

THE CONDITION OF BUSINESS

By WILLIAM R. KUHN

The Outlook. It is late in the year, so the depression of 1947 might as well be postponed like the depressions of 1946 and 1945. After all, there has been plenty of depression abroad but it never touched us, we hope.

After these repeated postponements of a postwar depression, a strange thing is happening. Even the more lugubrious prophets, who have seen depressions around every corner for many years, have become discouraged and are beginning to feel almost optimistic. When pessimists turn hopeful, it may be time to look out.

The feeling that business is in for another stretch of rising activity is increasingly common—too much so for comfort, in fact, because much of it stems from the belief that our foreign aid program is an inflationary highball with a kick like a mule. In other words, are we supposed to believe that poverty abroad will maintain prosperity here?

There are some sounder reasons, of course, for expecting business to keep up the pace but all are linked in some way to the fact that sending aid abroad will postpone the time when our production will catch up with demand. Obviously there are some flaws in this picture.

Three Flaws. One is that all the aid we can possibly give Europe this Winter will not do much to relieve the real ailment. Food and fuel Europe must have, but this might conceivably do harm in supporting incompetent regimes and artificial exchange rates.

Another is that the inevitable remedy of currency devaluation and stabilization cannot be applied until there is some degree of political stability. In this respect things are likely to get worse before anything is done.

A third is that further inflation and higher prices here will bring wage fights and rising costs with all the attendant dangers of a collapse. The break-even point of most businesses is already at a level where a small drop in volume would throw them into the red. Higher prices also increase the costs of giving aid abroad and further limit the mass market on which mass production depends.

Russia vs. Stability. Any mention of political or monetary stability these days takes us right to Moscow. Whether we regard the present condition of business as a flood tide of prosperity or a fool's paradise depends largely on how much importance we attach to Russia's conduct and how we manage to rationalize it, if such a thing is possible. The only interpretation of Moscow's postwar program that seems to make complete sense is that the Kremlin is out to fight the terrifying menace of stability wherever it appears.

In modern times currency stability has never been achieved for any length of time except through the use of gold. While it cannot be proved except by observation,

there seems to be a growing body of informed opinion here and abroad that some positive action relating to gold is essential to world recovery.

Some step or declaration in responsible official quarters looking toward a policy of currency stability linked to gold would help greatly.

BANKING asked several leading economists whether they saw any evidence of a trend to the use of gold in connection with stabilizing wild currencies. The consensus was that there was no such trend definitely in sight as yet but that it would be a very good thing for world recovery if it should occur.

Revaluation in Europe. Among those willing to be quoted was Marcus Nadler, Professor of Finance at New York University, who made this comment:

"I do not see any concrete evidence of a trend to return to the gold standard the way the gold standard is generally understood. There is no desire in many parts of the world to use gold as a basis for credit and currency. The only thing gold is used for at the present time is to make international payments primarily to the United States.

"There is, however, a general desire to return to stable currencies linked to gold. It is possible that during the next year the currencies of many countries in Europe will be revalued and that their international value will be expressed in terms of gold. In essence, it will mean some return to the gold standard.

"It goes without saying that the stabilization of currencies on a stable basis linked to gold would facilitate international trade and would be a powerful factor in the fight against inflation in many parts of the world."

Facilitating World Recovery. Dr. Walter E. Spahr, executive vice-president and treasurer of the Economists' National Committee on Monetary Policy, stated:

"There is, I think, no concrete evidence yet of a trend back to a gold standard in connection with stabilization of wild currencies. In fact, there seems to be little stabilization of wild currencies aside from the artificial rates adopted by the Fund. There does, however, appear to be an increase in the agitation for such stabilization at the real value of these currencies in terms of gold and for a return to a gold standard in that connection.

"I think that a return to gold would be a powerful factor for good in facilitating world recovery. Production and trade and prosperity are fostered by a fixed monetary unit in which people have confidence, and that, in general, means a gold standard."

Other opinions on this same question will be found on page 41.

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Because the All-Crop Harvester streamlined the handling of hard-to-harvest crops like soybeans, sorghums, flaxseed and lespe-
deza, production of valuable *fall* crops has zoomed.

Soybeans for beans spiralled from 23 million bushels in 1934, to 197 million in 1945 — over 850 percent increase! Grain sorghums, same period, almost tripled their acreage. Flaxseed jumped from roughly one million to nearly four million acres! Farm dollars from lespe-
deza seed multiplied from four million past the 20 million mark.

The rich, fall harvest demands the kind of performance for which the All-Crop Harvester is famous — a harvester with rubber-shelling contacts . . . header with ability to get down low and to reach up high . . . attachments for special crops and conditions . . . quick cylinder speed changer and other features "wrapped up" in a one-man family-farm size machine. The fall harvest is primarily an All-Crop harvest.

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